UMzimkhulu Municipality

2017/2018

FINAL BUDGET AND SUPPORTING DOCUMENTATION

31 May 2017

FINAL BUDGET OF

UMzimkhulu Municipality

2017/18 TO 2019/20 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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- In the foyers of all municipal buildings
- Public library within the municipality
- At www.umzimkhululm.gov.za

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Part 1 – Annual Budget

Mayor's Speech

Introduction

To the Honourable Speaker, EXCO members, Councillors, Amakhosi asendlunkulu, the Municipal Manager, Heads of Departments, municipal officials and members of the community.

It is my pleasure, in my capacity as Mayor of the UMzimkhulu Local Municipality, to present the review of final medium term revenue and expenditure framework (MTREF) for the 2017/2018 financial year and ensuing two years. In terms of section 16(1) (2) of the MFMA – when preparing the annual budget, the mayor of a municipality must:

In terms of section 16 (1) of the MFMA states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the financial year.

Thus taking into account the provision of the MFMA as stated above, I present to you all the final MTREF for 2017/2018 to 2019/2020. The intention is to bring forth the highlights contained within the final budget in its current form so as to facilitate a process of consultation leading to the compilation of a final budget for the 2017/2018 financial year. It is indeed our stated intention, as the UMzimkhulu Local Municipality, to adopt the final budget for the 2017/2018 financial year that has been rigorous reviewed with the intensive consultations in order to ensure that the limited resources available are allocated towards satisfying the community's priorities and that the final budget preparation process complies with relevant legislations.

Thus taking into account the legislation that regulates the entire budget preparation and approval processes. Council must, by the end of these proceedings, approve and adopt resolutions, in terms of section 24 of the MFMA, the final mSCOA budget of the municipality for the financial year 2017/2018 and the multi-year and single-year capital appropriations and also the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as detailed in the municipality's MTREF document. The Council of UMzimkhulu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000),

must also approve and adopt with effect from 1 July 2017, the final tariffs for property rates, by-laws, tariffs for solid waste services and tariffs for other services.

In 2014 Municipal Regulations on a Standard Chart of Accounts (mSCOA) was introduced to enable government to actually identify communities that benefits on government spending and to have a uniform reporting throughout the local government sphere. This regulation requires that all municipalities must be in full compliance with mSCOA by the outer compliance date of 1 July 2017.

This means that the compilation of the 2017/18 Medium-Term Revenue and Expenditure Framework (MTREF) must be compliant with the mSCOA classification framework. This new business reform has required the municipality to have the following in place:

- Systems-Integrated Integrated Development Plan (IDP);
- Systems-Integrated budget module; and
- Systems that enable transacting across the seven segments of mSCOA with subsystems seamlessly integrating to the core system.

The municipality has considered and implemented all the mSCOA circulars in order for the municipality to compile the 2017/2018 Medium-Term Revenue and Expenditure Framework that will be mSCOA compliant by 1st July 2017.

The municipality has applied the sound financial management principles when compiling the final mSCOA budget to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items in order to adhere to Circular 82 (Cost Cutting Measures). It should be noted that the municipality has done tremendously well on implementing some strategies to reduce excessive spending on non-core and consultancy fees.

The UMzimkhulu Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring that people lead government.

National Treasury's MFMA Circulars No 48, 51, 55, 58, 59, 66, 67, 70, 72, 74, 75,79, 82,85 and 86 were used as guidelines in the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- All the mSCOA requirements in order for the municipality to be compliant (resistance to change and capacity to implement the new business reform)
- The on-going difficulties in the national and local economy;
- The unemployment in the community that we are serving, having a negative impact on the collection of revenue, and increasing number of indigents.
- Aging and poorly maintained storm water drainage, roads and municipality buildings
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Decreased funding of capital projects resulting in cutting of some of the projects that were supposed to be done in this financial year, thus delaying the service delivery;
- The challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.
- Non-Availability of funding especial on electricity back locks and other developments projects

However given the challenges above, the municipality has also taken into account the institutional strategic objectives and priorities when compiling the final mSCOA budget in order to ensure that the limited resources are prioritized to meet the needs of the community and ensure that service delivery is evident by UMzimkhulu community as a whole.

The final budget presentation reflects the following summary estimates:

KZN435 UMzimkhulu Municipality Revenue and Expenditure 2017/2018 MTREF Final Budget

Description		2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue				
Property rates		12 142 098.20	12 834 197.80	13 552 912.87
Service charges - refuse revenue		1 680 581.72	1 776 374.88	1 875 851.87
Rental of facilities and equipment		1 261 747.31	1 333 666.91	1 408 352.25
Interest earned - external investments		5 604 572.00	5 924 032.60	6 255 778.43
Interest earned - outstanding debtors		255 500.00	270 063.50	285 187.06
Fines		415 000.00	438 655.00	463 219.68
Licences and permits		582 500.00	615 702.50	650 181.84
Other revenue		889 292.06	939 981.71	992 620.68
Total Own Revenue		22 831 291.29	24 132 674.89	25 484 104.69
Transfers recognised - operational		165 965 000.00	171 577 000.00	176 676 000.00
Equitable Share		160 817 000.00	168 285 000.00	173 323 000.00
Finance Management Grant		1 9000 000.00	1 900 000.00	1 900 000.00
Expanded Public Works Programme		1 923 000.00	-	-
Community Library Services Grant		742 000.00	779 000.00	809 000.00
Provincialisation of Libraries		583 000.00	613 000.00	644 000.00
Transfers recognised - capital		59 095 000.00	68 519 000.00	74 076 000.00
Municipal Infrastructure Grant		44 095 000.00	46 519 000.00	49 076 000.00
Integrated National Electrification Programme		15 000 000.00	22 000 000.00	25 000 000.00
Total Revenue		247 891 291.29	264 228 674.89	276 236 104.69
Operational Expenditure				
Employee related costs		69 626 142.00	72 411 187.68	74 583 523.31
Remuneration of councillors		17 380 161.00	18 075 367.44	18 617 628.46
Debt impairment		3 000 000.00	3 171 000.00	3 348 576.00
Depreciation & asset impairment		48 384 376.93	51 142 286.41	54 006 254.44
Finance charges		50 000.00	52 850.00	55 809.00
Contracted services		8 306 790.00	8 780 277.03	9 271 972.54
Transfers and grants		1 700 000.00	1 796 900.00	1 897 526.40
Repairs and Maintenance		20 575 000.00	21 747 775.00	22 965 650.40
Other expenditure		63 593 519.00	67 218 349.58	70 982 577.16

Total Operational Expenditure		232 615 988.93	244 383 928.15	255 729 518.75
Capital Expenditure				
Municipal Infrastructure Grant (MIG)		44 095 000.00	46 519 000.00	49 076 000.00
Integrated National Electrification Programme		15 000 000.00	22 000 000.00	25 000 000.00
Memorial Hall - Funded Internally		4 000 000.00		
Other fixed Asset - Funded Internally		9 917 200.00		
Total Capital Expenditure		73 012 200.00	68 519 000.00	74 076 000.00
Total Expenditure		305 628 188.93	312 902 928.15	329 773 587.24

The council should note that the Final mSCOA budget is cash backed even though the budget shows a deficit of R 57,637,897.64 this is due to non-cash items such as Depreciation, Debt impairments and Reserves.

Ladies and gentlemen please note that there is an attached final mSCOA budget template detailing this summary as per the mSCOA classification framework.

It should also be noted that the municipality is currently implementing the back to basics programme and the municipality still need to improve in certain areas and should develop an action plan on how to address those areas so that the municipality will fully achieve the motive behind back to basics programme.

Ladies and gentlemen, may I take this opportunity to thank you for your attentiveness and your contribution in the on-going development of UMzimkhulu.

Thank you

Councillor M. Mpabanga

Mayor of UMzimkhulu Municipality

1.1 Council Resolutions

On 31 May 2017 the Council of UMzimkhulu Municipality met in the Council Chambers of UMzimkhulu Municipality to consider the draft budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. The Council of UMzimkhulu Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

   1.1. The draft budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
      1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 5 on page 26
      1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 6 on page 27;
      1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 7 on page 28; and
      1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 8 on page 30.

   1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
      1.2.1. Budgeted Financial Position as contained in Table 9 on page 32;
      1.2.2. Budgeted Cash Flows as contained in Table 10 on page 34;
      1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 11 on page 35;
      1.2.4. Asset management as contained in Table 12 on page 36;
      1.2.5. Basic service delivery measurement as contained in Table 13 on page 43; and
      1.2.6. Services Delivery standard as contained in Table 50 on page 128.

2. The Council of uMzimkhulu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017:
   2.1. the tariffs for property rates – as contained on page 14
   2.2. the tariffs for solid waste services – as contained on page 15

3. The Council of uMzimkhulu Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017 the tariffs for other services.

4. To give proper effect to the municipality's annual budget, the Council of uMzimkhulu Local Municipality approves:
   4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.2 Executive Summary

The application of sound financial management principles for the compilation of the UMzimkhulu Municipality financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The UMzimkhulu Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 82 and 86 were used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The unemployment in the community that we are serving, having a negative impact on the collection of revenue, and increasing number of indigents.
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Decreased funding of capital projects resulting in cutting of some of the projects that were supposed to be done in the 2017/18 financial year, thus delaying the service delivery; and
- Availability of affordable capital/borrowing.
- To adhere on mSCOA
- To obtain information from External service providers

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Consolidated overview for the 2017/2018	**6.4%**	**5.7%**	**5.6%**
	Budget Year 2017/2018	**Budget Year Outer Year +1 2018/2019**	**Budget Year Outer Year +2 2019/2020**
Revenue			
Own Revenue	22 831 291.29	24 132 674.89	25 484 104.69
Operational Grants	165 965 000.00	171 577 000.00	176 676 000.00
TOTAL OPERATIONAL REVENUE	**188 796 291.29**	**195 709 674.89**	**202 160 104.69**
Capital Grants	**59 095 000.00**	**68 519 000.00**	**74 076 000.00**
TOTAL REVENUE	**247 891 291.29**	**264 228 674.89**	**276 236 104.69**
EXPENDITURE			
General Expenses	125 034 685.93	132 161 663.03	139 562.716.16
Salaries	87 006 303.00	90 486 555.12	93 201 151.77
Repairs & Maintenance	20 575 000.00	21 747 775.00	22 965 650.40
TOTAL OPERATIONAL EXPENDITURE	**232 615 988.93**	**244 383 928.15**	**255 729 518.33**
Capital Grants	59 095 000.00	68 519 000.00	74 076 000.00
Internal Generated Fund	13 917 200.00		
TOTAL CAPITAL EXPENDITURE	**73 012 200.00**	**68 519 000.00**	**74 076 000.00**
TOTAL EXPENDITURE	**305 628 188.93**	**312 914 993.15**	**329 805 518.33**

Total operating revenue has slight increase by 2 per cent or –R3.8 million for the 2017/18 financial year when compared to the 2016/17 Adjustment Budget. For the two outer years, operational revenue will increase by 5.7 and 5.6 per cent respectively, equating to a total revenue growth of R6.4 million over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R11.9 million when compared to the 2016/17 Adjusted Budget, operational expenditure has grown by 5 per cent in the 2017/18 budget and by 5.7 and 5.6 per cent for each of the respective outer years of the MTREF.

The own funded capital was budgeted at R17 million in the previous year and is now budget at R13 million this amount will be utilised to procure a Plant and Machinery, Computer equipment, Office furniture and completion of memorial hall.

The capital budget of R73 million for 2017/18 which is 11 per cent less when compared to the 2016/17 Adjustment budget. Neighbourhood grant and Small Towns Development Grants does not have any budget for 2017/2018. The outer years has a budget of R68

million in the 2018/19 and R74 million in 2019/20. Consequently, the capital budget remains relatively flat over the medium-term.

1.3 Operating Revenue Framework

For UMzimkhulu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 70 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):
Table 2. Summary revenue classified by main source

KZN435 Umzimkhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	12 142	12 834	13 553
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	–	–	–	–	1 681	1 776	1 876
Service charges - other											
Rental of facilities and equipment									1 262	1 334	1 408
Interest earned - external investments									5 605	5 924	6 256
Interest earned - outstanding debtors									256	270	285
Dividends received									–	–	–
Fines, penalties and forfeits									415	439	463
Licences and permits									583	616	650
Agency services											
Transfers and subsidies									165 965	171 577	176 676
Other revenue	2	–	–	–	–	–	–	–	889	940	993
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	–	188 796	195 710	202 160

KZN435 Umzimkhulu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Supporting indicators												
% incr *total service charges (incl prop rates)*	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
% incr Property Tax	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
% incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		–	–	–	–	–	–	–	13 823	14 611	15 429
Service charges			–	–	–	–	–	–	–	13 823	14 611	15 429
Property rates			–	–	–	–	–	–	–	12 142	12 834	13 553
Service charges - electricity revenue			–	–	–	–	–	–	–	–	–	–
Service charges - water revenue			–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue			–	–	–	–	–	–	–	–	–	–
Service charges - refuse removal			–	–	–	–	–	–	–	1 681	1 776	1 876
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			–	–	–	–	–	–	–	1 262	1 334	1 408
Capital expenditure excluding capital grant funding			–	–	–	–	–	–	–	13 917	–	–
Cash receipts from ratepayers	18(1)a		–	–	–	–	–	–	–	12 824	13 555	14 315
Ratepayer & Other revenue	18(1)a		–	–	–	–	–	–	–	17 227	18 209	19 228
Change in consumer debtors (current and non-current)			–	–	–	–	–	–	–	22 223	1 267	1 315
Operating and Capital Grant Revenue	18(1)a		–	–	–	–	–	–	–	225 060	240 096	250 752
Capital expenditure - total	20(1)(vi)		–	–	–	–	–	–	–	73 012	68 519	74 076
Capital expenditure - renewal	20(1)(vi)		–	–	–	–	–	–		900	–	–
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										164 640	170 185	175 223
DoRA capital grants total MFY										59 095	68 519	74 076
Provincial operating grants										1 325	1 392	1 453
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										225 060	240 096	250 752
Average annual collection rate (arrears inclusive)												
DoRA operating												
Local Government Equitable Share										160 817	168 285	173 323
Finance Management										1 900	1 900	1 900
EPWP										1 923		
										164 640	170 185	175 223
DoRA capital												
Municipal Infrastructure Grant (MIG)										44 095	46 519	49 076
Intergrated National Electrification Programme										15 000	22 000	25 000
										59 095	68 519	74 076

Table 2 Percentage Growth in revenue by main revenue source

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than 7% of the total revenue mix. In the 2017/2018 financial year, revenue from rates and services charges totalled R13.8 million or 7 per cent. This increases to R14.6 million and R15.4 million in the respective financial years of the MTREF.

The second least sources is interest on investment amount to R5.6 million or 3 percent of total operating revenue.

The third least sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R158 million in the 2016/17 financial year and increases to R166 million by 2017/18. Note that the year-on-year growth for the 2017/18 financial year is 4 per cent and then decreases by 3 and increases 2 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term.

Table 5 Operating Transfers and grants receipts

KZN435 Umzimkhulu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	–	–	–	–	164 640	170 185	175 223
Local Government Equitable Share								160 817	168 285	173 323
Finance Management								1 900	1 900	1 900
EPWP Incentive								1 923		
Other transfers/grants [insert description]										
Provincial Government:		–	–	–	–	–	–	1 325	1 392	1 453
Provincialisation of Liabraries								583	613	644
Community Library Services Grant								742	779	809
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	–	–	–	–	–	–	165 965	171 577	176 676
Capital Transfers and Grants										
National Government:		–	–	–	–	–	–	59 095	68 519	74 076
Municipal Infrastructure Grant (MIG)								44 095	46 519	49 076
Intergrated National Electrification Programme								15 000	22 000	25 000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	–	–	–	–	–	–	59 095	68 519	74 076
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	–	–	–	225 060	240 096	250 752

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, water and electricity, petrol, diesel, chemicals, cement, subsistence and travelling etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, The UMzimkhulu Council has decided to increase the amount of R15 000 to R50 000, which amount is roughly equivalent to the Department of Housing subsidy for low cost housing units. This means that values of all residential properties will be reduced by R50 000 before property rates are calculated for each property.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- 100 per cent rebate is also granted on the places of worship (churches).
- Any organisation that is registered as a Public Benefit Organisation, in terms of the Income Tax Act, will be granted a 100% rebate
- For Public Service Infrastructure in the first year, be no more than 30 per cent of the rate for that
  Year otherwise applicable to that property.
- state properties will be entitled to a 10% rebate
- Rural residential will be granted 21% rebate.
- Current resolution is to grant business & commercial 60% on their current market values until the current General valuation Roll expires and rural commercial 40% rebates

- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 25 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

- The Municipality may award a 100 percent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year - from 1 July 2017 is contained below:

Table 1 Comparison of approved rates to levied for the 2017/18 financial year

Category	**Current Tariff**(1 July 2016)	**Final tariff(from 1 July 2017)**
	C	**C**
Residential properties	0,0088	0.0088
Vacant Residential	0.017	0.017
Commercial	0.0135	0.0135
Vacant Commercial	0.022	0.022
Place of worship	0.0088	0.0088
Industrial	0.0135	0.0022
Vacant Industrial	0.022	0.022
State owned properties	0.0088	0.0088
Communal Land	0.0021	0.0021
Farms Smallholding Agriculture	0.0135	0.0022
Farms Agricultural	0.135	0.0022
Public Service Infrastructure	0.0021	0.0021
Place of worship	0.0088	0.0088

1.3.2 Waste Removal and Impact of Tariff Increases

Based on the activity plan that the municipality has done it was evident that the municipality is providing its services to the community at a profit, which serves as a surety that the municipality will be able to continuously meet its mandate to provide service delivery to UMzimkhulu Community.

After considering all the factors, the municipality has decided to levy 0% increase in rates. In reaching this decision, the municipality has been mindful of affordability for ratepayers and has kept the increase bellow the official consumer price index and has reduced expenditure in order to make a below inflation increase sustainable.
A 6.4 per cent increase in the waste removal tariff was adopted in the 2017/18 financial year.

The following table compares current (2016/2017) and New Tariffs payable from 1 July 2017:

Category	Current Tariff	Effective tariff

	(1 July 2016)	(from 1 July 2017)
REFUSE		
Domestic once off collection of refuse per week	R54	R 57
Domestic twice collection of refuse per week	R 109	R 116
Business (small & medium)	R 198	R 211
Large Institution/Business	R1 643	R 1 748

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level of the 2016/17 budget MTREF (Classified per main type of operating expenditure.

Table 8 Summary of operating expenditure by standard classification item

KZN435 Umzimkhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20

Expenditure By Type											
Employee related costs	2	–	–	–	–	–	–	–	69 626	72 411	74 584
Remuneration of councillors									17 380	18 075	18 618
Debt impairment	3								3 000	3 171	3 349
Depreciation & asset impairment	2	–	–	–	–	–	–	–	48 384	51 142	54 006
Finance charges									50	53	56
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8										
Contracted services		–	–	–	–	–	–	–	8 307	8 780	9 272
Transfers and subsidies		–	–	–	–	–	–	–	1 700	1 797	1 898
Other expenditure	4, 5	–	–	–	–	–	–	–	84 169	88 966	93 948
Loss on disposal of PPE											
Total Expenditure		–	–	–	–	–	–	–	232 616	244 396	255 730

The budgeted allocation for employee related costs for the 2017/18 financial year totals R69.6 million, which equals 30 percent of the total operating expenditure. Based on the new MFMA Circular 79 released on the 07 March 2016, salary increases have been factored into this budget at a percentage increase of 7.64 percent for the 2017/18 financial year. An annual increase of 4 and 3 per cent has been included in the two outer years of the MTREF. As part of the UMzimkhulu municipality cost reprioritisation and cash management strategy, vacancies have been significantly rationalised downwards.

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the UMzimkhulu municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R48.3 million for the 2017/18 financial and equates to 20 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

The contracted services has increased due to the services that has been outsourced by municipality because of the capacity and expertise that the municipality does not have. These services are the credit control and debt collection management system and preparation and compilation of the municipal general valuation for July 2018.The contract register will be provided.
In the 2017/18 financial year, this group of expenditure totals R8.3 million, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 5.7 and 5.6 per cent.

As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2017/18 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items (see annexure for detailed) relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6.4 per cent for 2017/18 and curbed at 5.7 and 5.6 per cent for the two outer years, indicating that significant cost savings have been already realised.

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 2 Repairs and maintenance per asset class

KZN435 UMzimkhulu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class										
–										
Infrastructure		–	–	–	–	–	–	14 400	15 221	16 073
Roads Infrastructure		–	–	–	–	–	–	9 500	10 042	10 604
Roads								9 500	10 042	10 604
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	1 000	1 057	1 116
Drainage Collection								1 000	1 057	1 116
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	1 000	1 057	1 116
Power Plants								1 000	1 057	1 116
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										

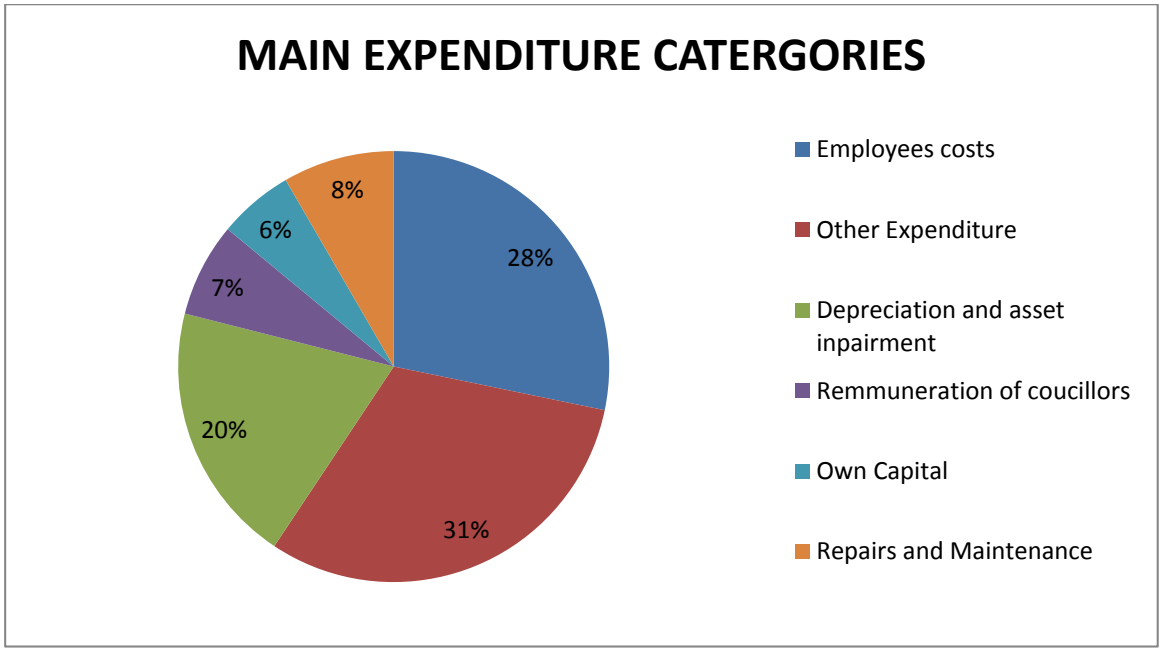
Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	–	–	–	–	–	–	–	–	–
Pump Station									
Reticulation									
Waste Water Treatment Works									
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	–	–	–	–	–	–	2 900	3 065	3 237
Landfill Sites							2 900	3 065	3 237
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									
Community Assets	–	–	–	–	–	–	3 010	3 182	3 360
Community Facilities	–	–	–	–	–	–	1 010	1 068	1 127
Halls							410	433	458
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									

Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Purls									
Public Open Space									
Nature Reserves									
Public Ablution Facilities							300	317	335
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals							300	317	335
Capital Spares									
Sport and Recreation Facilities	–	–	–	–	–	–	2 000	2 114	2 232
Indoor Facilities									
Outdoor Facilities							2 000	2 114	2 232
Capital Spares									
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Other assets	–	–	–	–	–	–	1 500	1 586	1 674
Operational Buildings	–	–	–	–	–	–	1 500	1 586	1 674
Municipal Offices							1 500	1 586	1 674
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	–	–	–	–	–	–	–	–	–
Staff Housing									

Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	455	481	508
Furniture and Office Equipment								455	481	508
Machinery and Equipment		–	–	–	–	–	–	1 060	1 120	1 183
Machinery and Equipment								1 060	1 120	1 183
Transport Assets		–	–	–	–	–	–	150	159	167
Transport Assets								150	159	167
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	–	–	–	–	–	–	20 575	21 748	22 966

For the 2017/18 financial year, 69 percent or R14.4 millions of total repairs and maintenance will be spent on infrastructure assets.

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.



1.4.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 3 2017/18 Medium-term capital budget per vote

KZN435 Umzimkhulu - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20

Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive and Council		–	–	–	–	–	–	–	2 500	–	–
Vote 2 - Finance and administration		–	–	–	–	–	–	–	1 252	–	–
Vote 3 - Community and Social Services		–	–	–	–	–	–	–	500	–	–
Vote 4 - Planning and Development		–	–	–	–	–	–	–	370	–	–
Vote 5 - Road Transport		–	–	–	–	–	–	–	68 390	68 519	74 076
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	–	–	–	–	–	73 012	68 519	74 076
Total Capital Expenditure - Vote		–	–	–	–	–	–	–	73 012	68 519	74 076
Capital Expenditure - Functional											
Governance and administration		–	–	–	–	–	–	–	3 752	–	–
Executive and council									2 500		
Finance and administration									1 252		
Internal audit											
Community and public safety		–	–	–	–	–	–	–	500	–	–
Community and social services									500		
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		–	–	–	–	–	–	–	68 760	68 519	74 076
Planning and development									370		
Road transport									68 390	68 519	74 076
Environmental protection											
Trading services		–	–	–	–	–	–	–	–	–	–
Energy sources											
Water management											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3	–	–	–	–	–	–	–	73 012	68 519	74 076
Funded by:											
National Government									59 095	68 519	74 076
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	–	–	–	–	–	–	–	59 095	68 519	74 076
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									13 917		
Total Capital Funding	7	–	–	–	–	–	–	–	73 012	68 519	74 076

For 2017/18 an amount of R51.9 million has been appropriated for the development of infrastructure which represents 71 percent of the total capital budget. In the outer years 100% of the allocation will be for the development of infrastructure. Transport and roads receives the highest allocation of R33 million in 2017/18 which equates to 45 percent, Neighbourhood, Small Town Development did not receive any allocation and 18% of other fixed asset allocation.

The total of new assets represent 98 percent or R71 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 12 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c, e provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to Schedules).
The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF

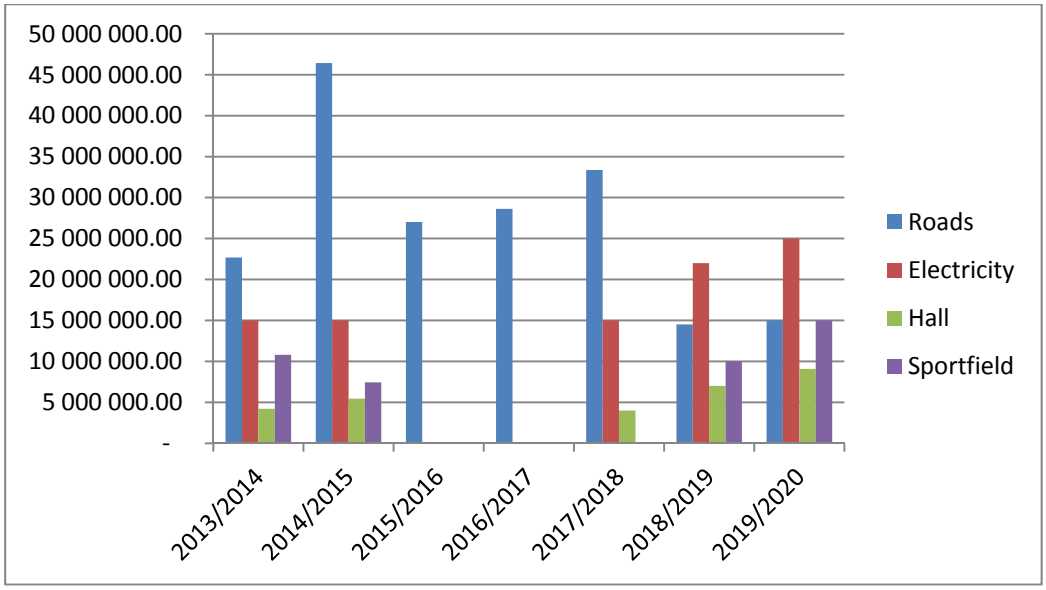


Figure 1 Capital Infrastructure Programme

1.5.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 43 MBRR SA35. This table shows that future operational costs associated with the capital programme totalling to R73 million in 2017/18, R 68.5 million in 2018/19 and R74 million in 2019/20.

1.6 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

Table 4 MBRR Table A1 - Budget Summary

KZN435 Umzimkhulu - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	–	–	–	–	–	–	–	12 142	12 834	13 553
Service charges	–	–	–	–	–	–	–	1 681	1 776	1 876
Investment revenue	–	–	–	–	–	–	–	5 605	5 924	6 256
Transfers recognised - operational	–	–	–	–	–	–	–	165 965	171 577	176 676
Other own revenue	–	–	–	–	–	–	–	3 404	3 598	3 800
Total Revenue (excluding capital transfers and contributions)	–	–	–	–	–	–	–	188 796	195 710	202 160
Employee costs	–	–	–	–	–	–	–	69 626	72 411	74 584
Remuneration of councillors	–	–	–	–	–	–	–	17 380	18 075	18 618
Depreciation & asset impairment	–	–	–	–	–	–	–	48 384	51 142	54 006
Finance charges	–	–	–	–	–	–	–	50	53	56
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	1 700	1 797	1 898
Other expenditure	–	–	–	–	–	–	–	95 475	100 917	106 569
Total Expenditure	–	–	–	–	–	–	–	232 616	244 396	255 730
Surplus/(Deficit)	–	–	–	–	–	–	–	(43 820)	(48 686)	(53 569)
Transfers and subsidies - capital (monetary alloc	–	–	–	–	–	–	–	59 095	68 519	74 076
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	–	–	–	–	–	15 275	19 833	20 507
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	–	–	–	–	–	15 275	19 833	20 507
Capital expenditure & funds sources										
Capital expenditure	–	–	–	–	–	–	–	73 012	68 519	74 076
Transfers recognised - capital	–	–	–	–	–	–	–	59 095	68 519	74 076
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	13 917	–	–
Total sources of capital funds	–	–	–	–	–	–	–	73 012	68 519	74 076
Financial position										
Total current assets	–	–	–	–	–	–	–	134 264	141 917	149 864
Total non current assets	–	–	–	–	–	–	–	472 425	499 353	527 317
Total current liabilities	–	–	–	–	–	–	–	37 948	40 111	42 357
Total non current liabilities	–	–	–	–	–	–	–	2 655	2 806	2 963
Community wealth/Equity	–	–	–	–	–	–	–	566 087	598 354	631 861
Cash flows										
Net cash from (used) operating	–	–	–	–	–	–	–	67 313	72 141	75 813
Net cash from (used) investing	–	–	–	–	–	–	–	(73 012)	(68 519)	(74 076)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	–	–	–	–	–	–	–	112 041	115 663	117 400
Cash backing/surplus reconciliation										
Cash and investments available	–	–	–	–	–	–	–	112 041	118 427	125 059
Application of cash and investments	–	–	–	–	–	–	–	48 581	51 350	54 226
Balance - surplus (shortfall)	–	–	–	–	–	–	–	63 460	67 077	70 833
Asset management										
Asset register summary (WDV)	–	–	–	–	–	–	399 413	399 413	422 180	445 822
Depreciation	–	–	–	–	–	–	48 384	48 384	51 142	54 006
Renewal of Existing Assets	–	–	–	–	–	–	–	900	–	–
Repairs and Maintenance	–	–	–	–	–	–	20 575	20 575	21 748	22 966
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	3 277	3 277	3 464	3 658
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	2	2	–	2	2	2	2	2	2	2

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 5 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification

KZN435 Umzimkhulu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
Governance and administration		–	–	–	–	–	–	102 590	110 779	116 602
Executive and council		–	–	–	–	–	–	35 844	38 706	39 864
Finance and administration		–	–	–	–	–	–	66 746	72 074	76 738
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	21 113	20 994	21 670
Community and social services		–	–	–	–	–	–	21 113	20 994	21 670
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	–	–	–	63 413	64 168	66 139
Planning and development		–	–	–	–	–	–	17 008	17 313	17 844
Road transport		–	–	–	–	–	–	46 404	46 855	48 295
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	–	–	–	1 681	1 776	1 876
Energy sources		–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	1 681	1 776	1 876
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	–	–	–	–	–	–	188 796	197 718	206 287
Expenditure - Functional										
Governance and administration		–	–	–	–	–	–	94 676	100 072	105 677
Executive and council		–	–	–	–	–	–	35 836	37 879	40 000
Finance and administration		–	–	–	–	–	–	58 840	62 193	65 676
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	26 983	28 521	30 118
Community and social services		–	–	–	–	–	–	26 983	28 521	30 118
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	–	–	–	109 277	115 506	121 974
Planning and development		–	–	–	–	–	–	23 174	24 495	25 867
Road transport		–	–	–	–	–	–	86 103	91 011	96 107
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	–	–	–	1 681	1 776	1 876
Energy sources		–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	1 681	1 776	1 876
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	–	–	–	–	–	–	232 616	245 875	259 644
Surplus/(Deficit) for the year		–	–	–	–	–	–	(43 820)	(48 157)	(53 357)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 7 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 6 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN435 Umzimkhulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - Executive and Council		–	–	–	–	–	–	35 844	38 706	39 864
Vote 2 - Finance and administration		–	–	–	–	–	–	66 746	72 074	76 738
Vote 3 - Community and Social Services		–	–	–	–	–	–	22 793	22 771	23 546
Vote 4 - Planning and Development		–	–	–	–	–	–	17 008	17 313	17 844
Vote 5 - Road Transport		–	–	–	–	–	–	105 499	115 374	122 371
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	–	–	–	–	–	–	247 891	266 237	280 363
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and Council		–	–	–	–	–	–	35 836	37 879	40 000
Vote 2 - Finance and administration		–	–	–	–	–	–	58 840	62 193	65 676
Vote 3 - Community and Social Services		–	–	–	–	–	–	26 983	28 521	30 118
Vote 4 - Planning and Development		–	–	–	–	–	–	23 174	24 495	25 867
Vote 5 - Road Transport		–	–	–	–	–	–	87 783	92 787	97 983
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	–	–	–	–	–	–	232 616	245 875	259 644
Surplus/(Deficit) for the year	2	–	–	–	–	–	–	15 275	20 362	20 719

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is

possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit

Table 7 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN435 Umzimkhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	12 142	12 834	13 553
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	–	–	–	–	1 681	1 776	1 876
Service charges - other											
Rental of facilities and equipment									1 262	1 334	1 408
Interest earned - external investments									5 605	5 924	6 256
Interest earned - outstanding debtors									256	270	285
Dividends received									–	–	–
Fines, penalties and forfeits									415	439	463
Licences and permits									583	616	650
Agency services											
Transfers and subsidies									165 965	171 577	176 676
Other revenue	2	–	–	–	–	–	–	–	889	940	993
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	–	188 796	195 710	202 160
Expenditure By Type											
Employee related costs	2	–	–	–	–	–	–	–	69 626	72 411	74 584
Remuneration of councillors									17 380	18 075	18 618
Debt impairment	3								3 000	3 171	3 349
Depreciation & asset impairment	2	–	–	–	–	–	–	–	48 384	51 142	54 006
Finance charges									50	53	56
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8										
Contracted services		–	–	–	–	–	–	–	8 307	8 780	9 272
Transfers and subsidies		–	–	–	–	–	–	–	1 700	1 797	1 898
Other expenditure	4, 5	–	–	–	–	–	–	–	84 169	88 966	93 948
Loss on disposal of PPE											
Total Expenditure		–	–	–	–	–	–	–	232 616	244 396	255 730
Surplus/(Deficit)		–	–	–	–	–	–	–	(43 820)	(48 686)	(53 569)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									59 095	68 519	74 076
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		–	–	–	–	–	–	–	15 275	19 833	20 507
Taxation											
Surplus/(Deficit) after taxation		–	–	–	–	–	–	–	15 275	19 833	20 507
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		–	–	–	–	–	–	–	15 275	19 833	20 507
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		–	–	–	–	–	–	–	15 275	19 833	20 507

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R247 million in 2017/18 and Increases to R276 million by 2019/20. This is determined by the operational grants in the Dora allocations that will be received by the municipality in 2018/19 and 2019/20.

2. Revenue to be generated from property rates is R12.1 million in the 2017/18 financial year and increases to R12.8 million by 2018/19 which represents 5 per cent of the operating revenue

base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff 5.7 per cent and 5.6 per cent for the two financial years of the MTREF.

3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government have grown rapidly over the MTREF by 6 percent and for the outer years 2 and 6 percent for the two outer years.

Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN435 Umzimkhulu - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20

Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive and Council		–	–	–	–	–	–	–	2 500	–	–
Vote 2 - Finance and administration		–	–	–	–	–	–	–	1 252	–	–
Vote 3 - Community and Social Services		–	–	–	–	–	–	–	500	–	–
Vote 4 - Planning and Development		–	–	–	–	–	–	–	370	–	–
Vote 5 - Road Transport		–	–	–	–	–	–	–	68 390	68 519	74 076
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	–	–	–	–	–	73 012	68 519	74 076
Total Capital Expenditure - Vote		–	–	–	–	–	–	–	73 012	68 519	74 076
Capital Expenditure - Functional											
Governance and administration		–	–	–	–	–	–	–	3 752	–	–
Executive and council									2 500		
Finance and administration									1 252		
Internal audit											
Community and public safety		–	–	–	–	–	–	–	500	–	–
Community and social services									500		
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		–	–	–	–	–	–	–	68 760	68 519	74 076
Planning and development									370		
Road transport									68 390	68 519	74 076
Environmental protection											
Trading services		–	–	–	–	–	–	–	–	–	–
Energy sources											
Water management											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3	–	–	–	–	–	–	–	73 012	68 519	74 076
Funded by:											
National Government									59 095	68 519	74 076
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	–	–	–	–	–	–	–	59 095	68 519	74 076
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									13 917		
Total Capital Funding	7	–	–	–	–	–	–	–	73 012	68 519	74 076

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

3. Single-year capital expenditure has been appropriated at R73million for the 2017/18 financial year and remains relatively constant over the MTREF at levels of R68.5 million and R74 million respectively for the two outer years.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.

5. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

6. The capital programme is funded from capital and provincial grants and internally generated funds from current year surpluses. For 2017/18 capital transfers totals to R59 million and escalates to R68 and R74 million by 2018/19 and 2019/20.

Table 9 MBRR Table A6 - Budgeted Financial Position

KZN435 Umzimkhulu - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash									7 141	7 548	7 971
Call investment deposits	1	–	–	–	–	–	–	–	104 900	110 879	117 089
Consumer debtors	1	–	–	–	–	–	–	–	9 643	10 192	10 763
Other debtors									12 580	13 297	14 042
Current portion of long-term receivables											
Inventory	2										
Total current assets		–	–	–	–	–	–	–	134 264	141 917	149 864
Non current assets											
Long-term receivables											
Investments											
Investment property									31 235	33 015	34 864
Investment in Associate											
Property, plant and equipment	3	–	–	–	–	–	–	–	367 217	388 148	409 884
Agricultural											
Biological											
Intangible									962	1 016	1 073
Other non-current assets									73 012	77 174	81 496
Total non current assets		–	–	–	–	–	–	–	472 425	499 353	527 317
TOTAL ASSETS		–	–	–	–	–	–	–	606 689	641 271	677 182
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits											
Trade and other payables	4	–	–	–	–	–	–	–	37 948	40 111	42 357
Provisions											
Total current liabilities		–	–	–	–	–	–	–	37 948	40 111	42 357
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		–	–	–	–	–	–	–	2 655	2 806	2 963
Total non current liabilities		–	–	–	–	–	–	–	2 655	2 806	2 963
TOTAL LIABILITIES		–	–	–	–	–	–	–	40 603	42 917	45 320
NET ASSETS	5	–	–	–	–	–	–	–	566 087	598 354	631 861
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									538 909	569 627	601 526
Reserves	4	–	–	–	–	–	–	–	27 178	28 727	30 336
TOTAL COMMUNITY WEALTH/EQUITY	5	–	–	–	–	–	–	–	566 087	598 354	631 861

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and it improves understanding ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 48 is supported by an extensive table of notes (SA3 which can be found on page 118) providing a detailed analysis of the major components of a number of items, including:

   - Call investments deposits;

- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end.
   Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 10 MBRR Table A7 – Budgeted Cash Flow Statement

KZN435 Umzimkhulu - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									8 499	8 984	9 487
Service charges									1 176	1 243	1 313
Other revenue									3 149	3 328	3 514
Government - operating	1								165 965	171 577	176 676
Government - capital	1								59 095	68 519	74 076
Interest									5 860	6 194	6 541
Dividends									–	–	–
Payments											
Suppliers and employees									(174 682)	(185 855)	(193 841)
Finance charges									(50)	(53)	(56)
Transfers and Grants	1								(1 700)	(1 797)	(1 898)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	–	–	–	–	–	67 313	72 141	75 813
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets									(73 012)	(68 519)	(74 076)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	–	–	–	–	(73 012)	(68 519)	(74 076)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	–	–	–	–	–	–	(5 699)	3 622	1 737
Cash/cash equivalents at the year begin:	2								117 740	112 041	115 663
Cash/cash equivalents at the year end:	2	–	–	–	–	–	–	–	112 041	115 663	117 400

Explanation notes to Table A7- Budgeted Cash Flow Statement

1. The Budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 11 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN435 Umzimkhulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	–	–	–	–	–	112 041	115 663	117 400
Other current investments > 90 days		–	–	–	–	–	–	–	(0)	2 765	7 660
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		–	–	–	–	–	–	–	112 041	118 427	125 059
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	27 196	28 746	30 355
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	–	–	–	–	–	–	(5 792)	(6 122)	(6 465)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5								27 178	28 727	30 336
Total Application of cash and investments:		–	–	–	–	–	–	–	48 581	51 350	54 226
Surplus(shortfall)		–	–	–	–	–	–	–	63 460	67 077	70 833

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 12 MBRR Table A9 - Asset Management

KZN435 Umzimkhulu - Table A9
Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE										
Total New Assets	1	–	–	–	–	–	–	72 112	68 519	74 076
Roads Infrastructure		–	–	–	–	–	–	33 366	14 519	15 000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	15 000	22 000	25 000
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	3 500	15 000	10 000
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	*51 866*	*51 519*	*50 000*
Community Facilities		–	–	–	–	–	–	11 229	7 000	9 076
Sport and Recreation Facilities		–	–	–	–	–	–	–	10 000	15 000
Community Assets		–	–	–	–	–	–	*11 229*	*17 000*	*24 076*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	200	–	–
Housing		–	–	–	–	–	–	170	–	–
Other Assets		–	–	–	–	–	–	*370*	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	400	–	–
Intangible Assets		–	–	–	–	–	–	*400*	–	–
Computer Equipment		–	–	–	–	–	–	504	–	–
Furniture and Office Equipment		–	–	–	–	–	–	943	–	–
Machinery and Equipment		–	–	–	–	–	–	5 050	–	–
Transport Assets		–	–	–	–	–	–	2 650	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	–	–	–	900	–	–
Roads Infrastructure								–	–	–

		–	–	–	–	–	–			
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	400	–	–
Intangible Assets		–	–	–	–	–	–	*400*	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	500	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–

Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Roads Infrastructure		–	–	–	–	–	–	33 366	14 519	15 000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	15 000	22 000	25 000
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	3 500	15 000	10 000
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	*51 866*	*51 519*	*50 000*
Community Facilities		–	–	–	–	–	–	11 229	7 000	9 076
Sport and Recreation Facilities		–	–	–	–	–	–	–	10 000	15 000
Community Assets		–	–	–	–	–	–	*11 229*	*17 000*	*24 076*
Heritage Assets		–	–	–	–	–	–	–	–	–

Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	200	–	–
Housing		–	–	–	–	–	–	170	–	–
Other Assets		–	–	–	–	–	–	*370*	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	400	–	–
Intangible Assets		–	–	–	–	–	–	*400*	–	–
Computer Equipment		–	–	–	–	–	–	504	–	–
Furniture and Office Equipment		–	–	–	–	–	–	943	–	–
Machinery and Equipment		–	–	–	–	–	–	5 050	–	–
Transport Assets		–	–	–	–	–	–	2 650	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		–	–	–	–	–	–	73 012	68 519	74 076
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure								183 246	193 691	204 537
Storm water Infrastructure								31 108	32 881	34 723
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		–	–	–	–	–	–	*214 354*	*226 572*	*239 260*
Community Facilities								36 322	38 392	40 542
Sport and Recreation Facilities								58 395	61 724	65 180
Community Assets		–	–	–	–	–	–	*94 717*	*100 116*	*105 722*
Heritage Assets								255	270	285
Revenue Generating								31 235	33 015	34 864
Non-revenue Generating										
Investment properties		–	–	–	–	–	–	*31 235*	*33 015*	*34 864*
Operational Buildings								29 060	30 717	32 437
Housing										
Other Assets		–	–	–	–	–	–	*29 060*	*30 717*	*32 437*
Biological or Cultivated Assets										
Servitudes										
Licences and Rights								962	1 016	1 073
Intangible Assets		–	–	–	–	–	–	*962*	*1 016*	*1 073*
Computer Equipment								1 989	2 102	2 220
Furniture and Office Equipment								96	102	107

Machinery and Equipment								20 028	21 170	22 355
Transport Assets								6 718	7 101	7 498
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	–	–	–	–	–	–	399 413	422 180	445 822
EXPENDITURE OTHER ITEMS										
Depreciation	7	–	–	–	–	–	–	48 384	51 142	54 006
Repairs and Maintenance by Asset Class	3	–	–	–	–	–	–	20 575	21 748	22 966
Roads Infrastructure		–	–	–	–	–	–	9 500	10 042	10 604
Storm water Infrastructure		–	–	–	–	–	–	1 000	1 057	1 116
Electrical Infrastructure		–	–	–	–	–	–	1 000	1 057	1 116
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	2 900	3 065	3 237
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	*14 400*	*15 221*	*16 073*
Community Facilities		–	–	–	–	–	–	1 010	1 068	1 127
Sport and Recreation Facilities		–	–	–	–	–	–	2 000	2 114	2 232
Community Assets		–	–	–	–	–	–	*3 010*	*3 182*	*3 360*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	1 500	1 586	1 674
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	*1 500*	*1 586*	*1 674*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	455	481	508
Machinery and Equipment		–	–	–	–	–	–	1 060	1 120	1 183
Transport Assets		–	–	–	–	–	–	150	159	167
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER								68 959	72 890	76 972

ITEMS		–	–	–	–	–	–			
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.2%*	*0.0%*	*0.0%*
Renewal and upgrading of Existing Assets as % of depreciation		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.9%*	*0.0%*	*0.0%*
R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*5.6%*	*5.6%*	*5.6%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*5.0%*	*5.0%*	*5.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 percent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 percent of PPE. The Municipality does not meet these recommendations due to municipality's assets that 80% are new and are funded through Municipal Infrastructure Grant.

3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

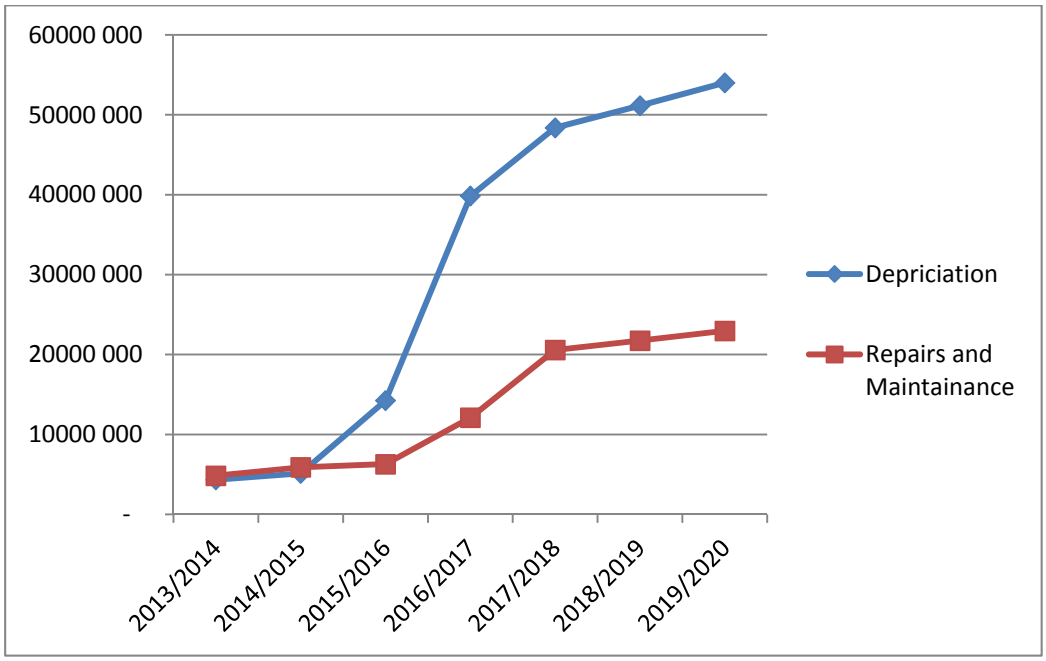


Figure 2 Depreciation in relation to repairs and maintenance over the MTREF

Table 13 MBRR Table A10 - Basic Service Delivery Measurement

KZN435 Umzimkhulu - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Refuse:										
Removed at least once a week		5 730	5 730	5 730	7 700	8 700	8 700	8 700	8 700	8 700
Minimum Service Level and Above sub-total		5 730	5 730	5 730	7 700	8 700	8 700	8 700	8 700	8 700
Removed less frequently than once a week		1 970	1 970	–	1 970	1 970	1 970	1 970	1 970	1 970
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		1 970	1 970	–	1 970	1 970	1 970	1 970	1 970	1 970
Total number of households	5	7 700	7 700	5 730	9 670	10 670	10 670	10 670	10 670	10 670
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		–	–	–	–	–	–	–	–	–
Highest level of free service provided per household										
Property rates (R value threshold)		50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	3 277	3 464	3 658
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		–	–	–	–	–	–	3 277	3 464	3 658

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

2. The Municipality continues to make good progress with the eradication of backlogs:

    a. Refuse services – backlog will be reduced by 5% households in 2017/18, and a further 8 700 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

3. The budget provides a number of households to be registered as indigent in 2017/18, and therefore entitled to receiving Free Basic Services

4. It is anticipated that these Free Basic Services will cost the municipality R3 277 121 in 2017/18, increasing to R3 657 896 by 2019/20. This is covered by the municipality's equitable share allocation from national government.

5. In addition to the Free Basic Services, the municipality is in the process of identifying further indigent households to subsidise them on electrification in the rural areas. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.6.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor will tabled in Council the required the IDP and budget time schedule in August 2016. Key dates applicable to the process were:

- **August 2017** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2017/18 MTREF;
- **November 2017** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **08 to 12 January 2018** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2018** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **26 January 2018**- Council considers the 2017/18 Mid-year Review and Adjustments Budget;
- **February 2018** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The Final 2017/18 MTREF is revised accordingly;
- **30 March 2018** - Tabling in Council of the draft 2017/18 IDP and 2017/18 MTREF for public consultation;
- **30 April 2018** – Public consultation;
- **04 May 2018** - Closing date for written comments;
- **07 to 18 May 2018** – finalisation of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2018** - Tabling of the 2017/18 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.6.2 IDP and Service Delivery and Budget Implementation Plan

There will be a first review of the IDP as adopted by Council in May 2017. It will start in September 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/19 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.6.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

1.6.4 Community Consultation

The draft 2017/18 MTREF as tabled before Council on 30 March 2017 for the community consultation it will be published on the municipality's website, and hard copies will be made available at customer care offices and municipal notice boards.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilise to facilitate the community consultation process that will be done in April 2017 that will be conducted and including twenty public briefing sessions, and the attendance will be recorded per meeting. This is up to the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions will scheduled with organised business and imbizo's held to further ensure transparency and interaction. Other stakeholders involved in the consultation churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects was addressed, and it will be considered as part of the finalisation of the 2017/18 MTREF. Feedback and responses to the submissions received are available on request.

1.7 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 14 IDP Strategic Objectives

Goal statement 2017/2018	Justification
1. **Municipal Financial Viability** To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems.	1. Increase financial sustainability and improved reduction in grant dependency to finance municipal strategic programmes.
2. **Local Economic Development** Create an environment that promotes the development of the local economy and facilitate job creation.	2. Increase economic viability of the municipality and ensure quantifiable sustainable job creation.
3. **Service Delivery and Infrastructure Development** Eradicate backlogs in road infrastructure, improve access to services and ensure proper operations and maintenance	3. Conducive road, water and sanitation infrastructure supports economic development and viability.
4. **Institutional Development and Transformation** Improve organizational cohesion and effectiveness.	4. A well capacitated institution and workforce supports and leads to a productive institution that is fully capable of delivering sustainable basic services to the community.

5. **Public Participation and Good Governance** To promote a culture of community participation and good municipal governance.	5. Through an entrenched culture of accountability and clean administration, the financial affairs and viability of the municipality and business operations are improved and thus becoming more efficient, economical and effective.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
   - Provide electricity;
   - Provide waste removal;
   - Provide housing;
   - Provide roads and storm water;
   - Provide city planning services; and
   - Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:
   - Ensuring the is a clear structural plan for the Municipality;
   - Ensuring planning processes function in accordance with set timeframes;
   - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
   - Effective implementation of the Indigent Policy;
   - Working with the provincial department of health to provide primary health care services;
   - Extending waste removal services and ensuring effective municipality cleansing;
   - Working with strategic partners such as SAPS to address crime;
   - Ensuring save working environments by effective enforcement of building and health regulations;
   - Promote viable, sustainable communities through proper zoning; and
   - Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
   - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
   - Optimising effective community participation in the ward committee system; and
   - Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- o Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
- o Reviewing the use of contracted services
- o Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- o Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 15 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN435 Umzimkhulu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To promote a culture of community participation and good municipal governance.	Executive and council - Good Governance and Public Participation	5								35 844	37 887	40 008
Improve organizational cohesion and effectiveness.	Human Resources/Corporate services - Municipal Transformation and Institutional Development	4								28 917	30 565	32 277
Create an environment that promotes the development of the local economy and facilitate job creation.	Planning and development - Cross Cutting and Local Economic Development (LED) and Social Development	2								17 008	17 978	18 985
Eradicate backlogs in road infrastructure, improve access to services and ensure proper operations and maintenance.	Road transport - Basic Services Delivery	3								105 499	113 720	117 299
To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems.	Budget and treasury office - Municipal Financial Viability and Management	1								37 829	39 986	42 225
Create an environment that promotes the development of the local economy and facilitate job creation.	Community and social services - Local Economic Development									22 793	24 093	25 442
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	–	–	–	–	247 891	264 229	276 236

Table 16 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN435 Umzimkhulu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To promote a culture of community participation and good municipal governance.	Executive and council - Good Governance and Public Participation	5								35 836	37 879	40 000
Improve organizational cohesion and effectiveness.	Human Resources/Corporate services - Municipal Transformation and Institutional Development	4								30 431	32 166	33 967
Create an environment that promotes the development of the local economy and facilitate job creation	Planning and development - Cross Cutting and Local Economic Development (LED) and Social Development	2								23 174	24 495	25 867
Eradicate backlogs in road infrastructure, improve access to services and ensure proper operations and maintenance	Road transport - Basic Services Delivery	3								86 103	89 532	92 193
To improve overall financial management in the municipality by developing and implementing appropriate	Budget and treasury office - Municipal Financial Viability and Management	1								28 408	30 028	31 709
Create an environment that promotes the development of the local economy and facilitate job creation	Community and social services - Local Economic Development									28 663	30 297	31 994
Allocations to other priorities												
Total Expenditure			1	–	–	–	–	–	–	232 616	244 396	255 730

Table 17 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN435 Umzimkhulu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To promote a culture of community participation and good municipal governance.	Executive and council - Good Governance and Public Participation	5								2 500		
To improve overall financial management in the municipality by developing and implementing appropriate	Budget and treasury office - Municipal Financial Viability and Management	1								84		
Improve organizational cohesion and effectiveness.	Human Resources/Corporate services - Municipal Transformation and Institutional Development	4								768		
Create an environment that promotes the development of the local economy and facilitate job creation	Community and social services - Local Economic Development									500		
Create an environment that promotes the development of the local economy and facilitate job creation	Planning and development - Cross Cutting and Local Economic Development (LED) and Social Development	2								370		
Eradicate backlogs in road infrastructure, improve access to services and ensure proper operations and maintenance	Road transport - Basic Services Delivery	3								68 790	68 519	74 076
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	–	–	–	–	–	–	73 012	68 519	74 076

1.8 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

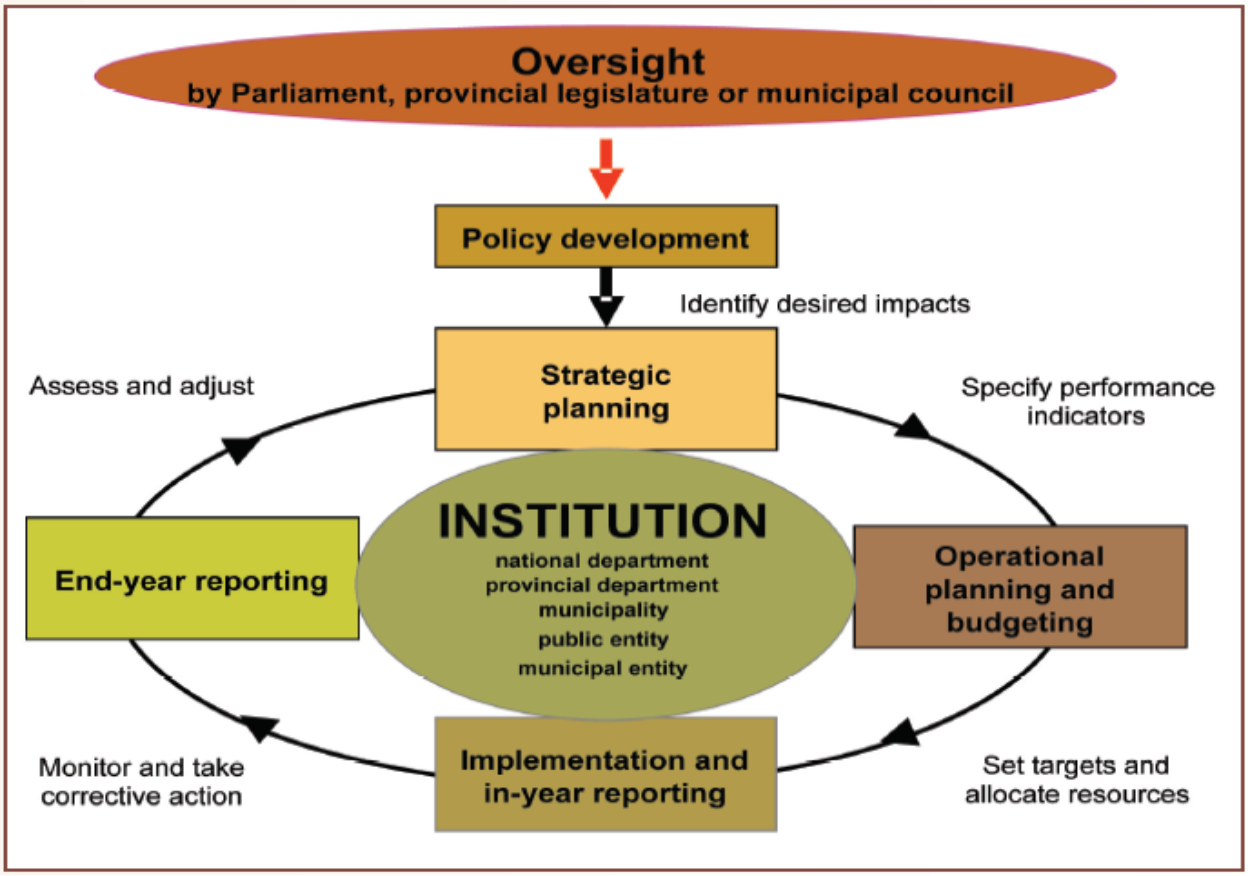


Figure 3 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

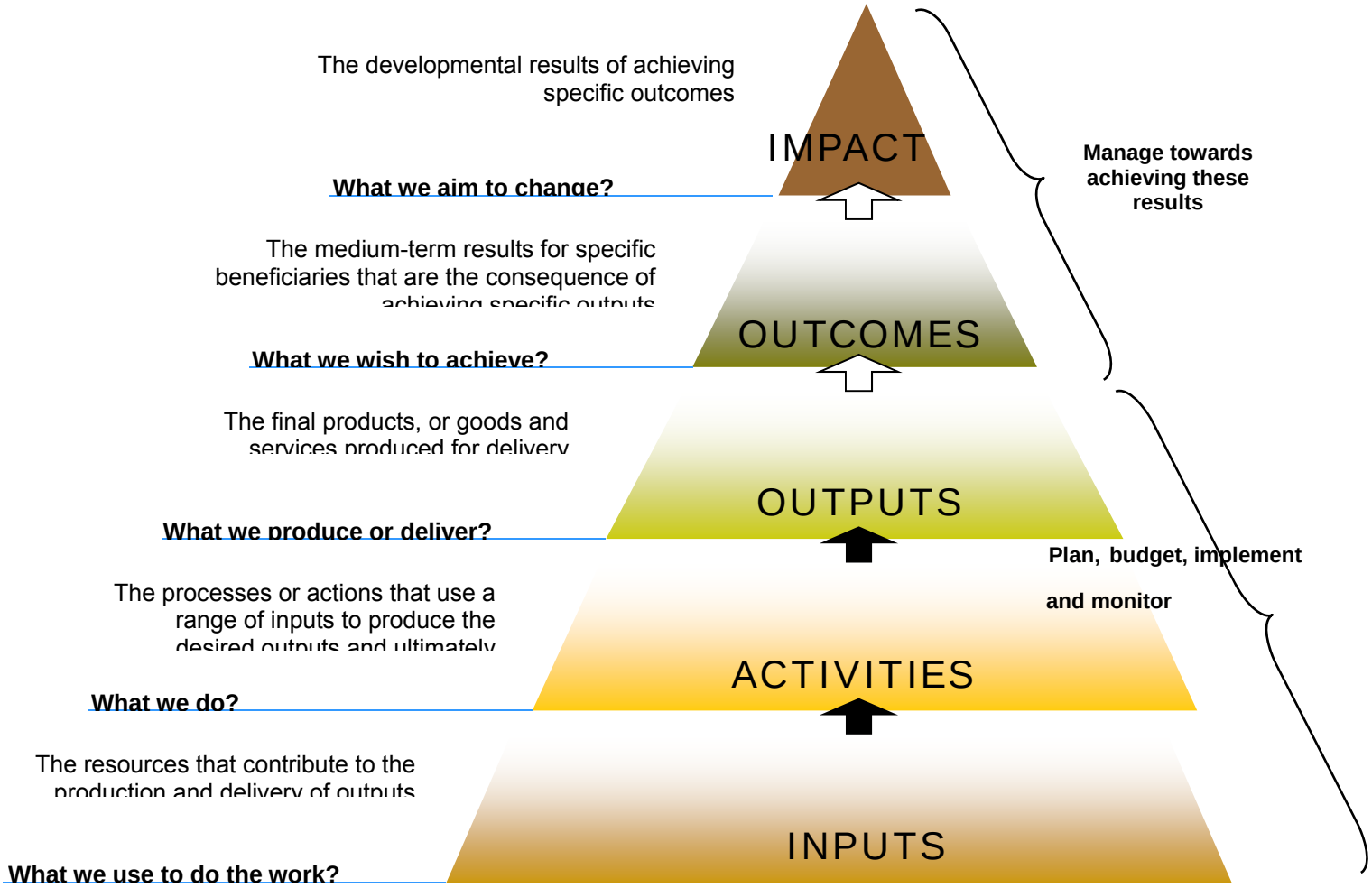


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 18 MBRR Table SA7 - Measurable performance objectives

KZN435 Umzimkhulu - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Budget and Treasury Office										
Revenue										
Billing and Collection	Increase on revenue					10.0%	10.0%	10.0%	10.0%	10.0%
Revenue enhancement										
Billing and Collection	Outstanding Service				36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
The collection of billed customers	Reduction of debtors					52.0%	52.0%	52.0%	52.0%	52.0%
Reduction of debtors book										
Budgeting										
Budgeting	% of Municipality's				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Best Budgeting Practice to improve service										
Supply Chain Management										
Acquisition and Demand	To ensure that goods and				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To conform with the rules and regulations										
Disposal And Logistics	Meet turnarond time for				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To ensure that the services required to										
Coporate Services										
Human Resouce										
Human Resouce	% of Municipaity's budget				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To have well trained capacitated										
Human Resouce	Reviewed municipal				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ensure that the municipal organisational										
Strategic Planning and Housing										
Local Economic Development										
Local economic development	Conduct 4 Small,				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To provide support to local business and	Create jobs through LED									
for stimulation of economic growth by 2016										
Housing	Reviewal of the							100.0%	100.0%	100.0%
Adoption of te reviewed housing sector plan										
HIV/AIDS	Number of HIV				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To ensure effective and efficient HIV/AIDS										
Arts and Culture	number of arts and				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To continuously promote moral regulation &										
Tourism	No of tourism facilities				100.0%					
To attract more tourist										
Roads										
CSS	road safety campaigns in									
To reduce accidents and road										
Infrastructure										
Roads										
Heritage	Rehabilitation of the				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To continously preserve the heritage of										
Roads	Number of workshops				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Provision to sustainable road										
					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Waste Management	No. waste management				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18MTREF.

Table 19 MBRR Table SA8 - Performance indicators and benchmarks

KZN435 Umzimkhulu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	–	–	–	–	–	–	3.5	3.5	3.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	–	–	–	–	3.5	3.5	3.5
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	–	–	–	–	3.0	3.0	3.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	70.0%	70.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	70.0%	70.0%	70.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.8%	12.0%	12.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.6%	9.8%	10.2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	36.9%	37.0%	36.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		46.1%	46.2%	46.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		10.9%	11.1%	11.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.7%	26.2%	26.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	–	–	–	–	3.7	3.7	3.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	147.3%	147.3%	147.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	–	–	–	–	–	10.1	9.9	9.7

1.8.1 Performance indicators and benchmarks

1.8.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue. Municipality does not commit to long term borrowing for 2017/2018 MTREF. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities,

- *A Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.

1.8.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.8.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 3.5:1 and in the outer years the current ratio is estimated remain at 3.5:1. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/18 financial year the ratio is 3.0:1 and it is expected to remain in the outer years. This needs to be considered as pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.8.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

1.8.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within 30 days of the receipt of an invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 percent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.8.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers. Also note that uMzimkhulu municipality does not have bulk purchases (water and Electricity) it is district municipality function.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base. The municipality does not meet 8% of a PPE book value due to most of the assets are new.

1.8.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 433 (refuse) registered indigents have been provided for in the budget with this figured increasing to 573 by 2017/18. In terms of the Municipality's indigent policy registered households are free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 13 MBRR A10 (Basic Service Delivery Measurement) on page 44.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

1.9 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.9.1 Review of credit control and debt collection procedures/policies

The credit control and debt collection Policies were approved by Council on the 31 of May 2017. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 percent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

1.9.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.9.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and

adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.9.4 Supply Chain Management Policy

The council has approved the supply chain policy with all the new reforms within the SCM regulations and the council also approved the infrastructure procurement policy that is newly introduced to the municipalities.

1.9.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council on the 31 May 2017.

1.9.6 Cash Management and Investment Policy

The policy was approved by the council on the 31 May 2017. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.9.7 Tariff Policies

The Municipality's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy was approved by the council on the 31 May 2017.

1.9.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2017/18 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2016/17 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;

- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

NB: All the above policies are available on the Municipality's website (www.umzimkhululm.gov.za), as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy;
- Virement Policy and
- Basic Social Services Package (Indigent Policy).

1.10 Overview of budget assumptions

1.10.1 External factors

The economic slowdown, and financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.10.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 37 percent of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018 has been considered. The South African Local Government Association issued a press release on 07 March 2016 indicating that it tabled the following offer for salaries and wages increase:
- For 2017/18 FY 7.64 per cent. (MFMA Circular 86)

1.10.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2017/18 MTREF the interest on investment is based on the assumption that some of investments and grants will receive in early stage of the financial year. For 2017/2018 the budget of interest on investment decrease (from 9 to 5 million) is due to R30 million invested with Nedbank will come to an end therefore there is no signs that the funds will be invested again during the budget preparation.

1.10.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.10.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.
The municipality is battling to get the information related to services provided by 'external mechanisms' which is Harry Gwala District to populate SA9 e.g. Water and Sanitation this is a district function.

1.10.6 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018 has been considered. The South African Local Government Association issued a press release on 07 March 2016 indicating that it tabled the following offer for salaries and wages increase:
2016/17 Financial Year – 6.5 per cent (inflation linked)
2017/18 and 2018/19 Financial Years – inflation related increase plus additional 1 per cent
Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.10.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 percent is achieved on operating expenditure and 100 percent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

1.11 Overview of budget funding

1.11.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 20 Breakdown of the operating revenue over the medium-term

KZN435 Umzimkhulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	12 142	12 834	13 553
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	–	–	–	–	1 681	1 776	1 876
Service charges - other											
Rental of facilities and equipment									1 262	1 334	1 408
Interest earned - external investments									5 605	5 924	6 256
Interest earned - outstanding debtors									256	270	285
Dividends received									–	–	–
Fines, penalties and forfeits									415	439	463
Licences and permits									583	616	650
Agency services											
Transfers and subsidies									165 965	171 577	176 676
Other revenue	2	–	–	–	–	–	–	–	889	940	993
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	–	188 796	195 710	202 160

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year

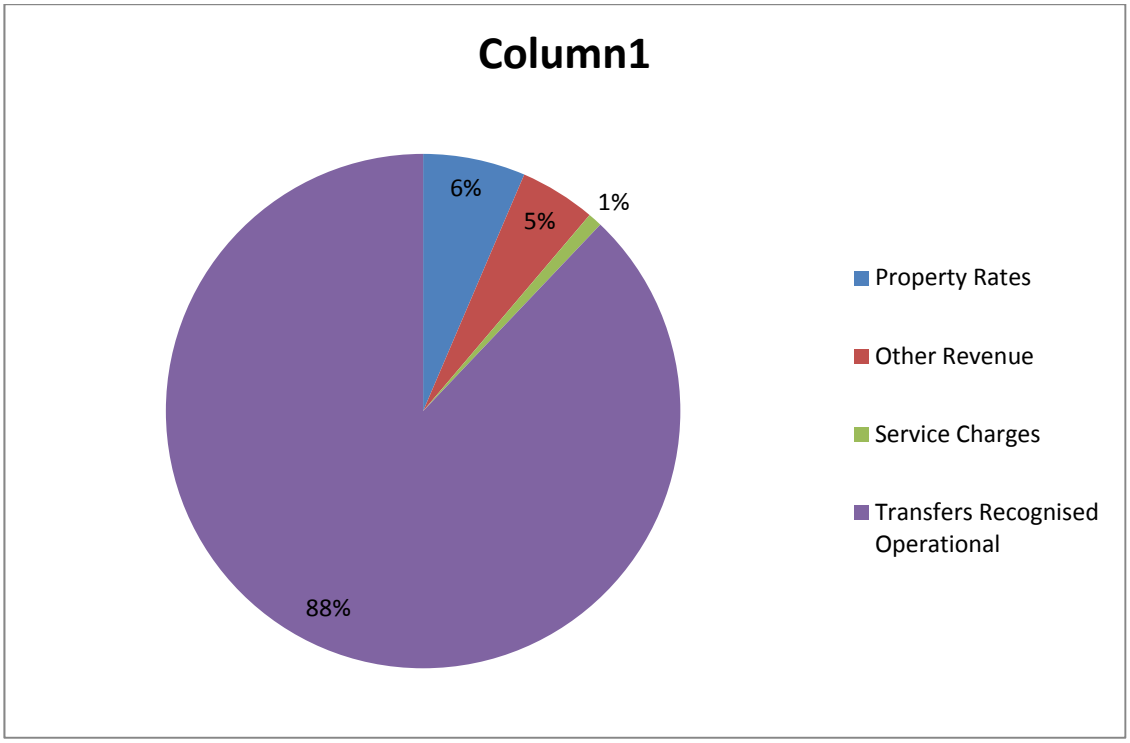


Figure 5 Breakdown of operating revenue over the 2017/18 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as, solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

Table 21 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff	2014/15 proposed tariff	2015/16 proposed tariff	2016/17 additional revenue for each 0 tariff increase	2017/18 additional revenue owing to % tariff increases	2018/19 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	0	0	0	12 142	12 834	13 553
Total				12 142	12 834	13 553

Revenue to be generated from property rates is R12.1 million in the 2017/18 financial year and increases to R13.5 million by 2018/19 which represents 5 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2016/17 financial year. It is anticipated that the process will be concluded by the end of February 2018. As the levying of property rates is considered strategic revenue source a further supplementary valuation process is finalised in the 3rd quarter of the 2016/17 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.6 million for the 2017/18 financial year and increasing to R1.8 million by 2019/20. For the 2017/18 financial year services charges amount to 0.5 per cent of the total revenue base and grows by 0.5 per cent per annum over the medium-term.

Operational grants and subsidies amount to 165.9 million, 171.6 million and R176.7 million for each of the respective financial years of the MTREF, or 5.7 and 5.6 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 5.7 per cent and 5.6 per cent for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R5.6 million, R5.9 million and R6.3 million for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 22 MBRR SA15 – Detail Investment Information

KZN435 Umzimkhulu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		51 565	93 271	70 792	67 604	117 740	117 740	104 900	110 879	117 089
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	51 565	93 271	70 792	67 604	117 740	117 740	104 900	110 879	117 089
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		51 565	93 271	70 792	67 604	117 740	117 740	104 900	110 879	117 089

Table 23(i) MBRR SA16 – Investment particulars by maturity

KZN435 Umzimkhulu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ٭	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
NedBank		12 Months	Fixed Deposit	Yes	Fixed	9.20%	no		01/09/2017	30 000	460	(30 460)		–
Investec Bank		3 Years	Fixed Deposit	Yes	Fixed	10.37%	no		01/09/2019	30 000	3 111			33 111
Call Account FNB		32 days	Deposit	No	Variable	3.00%	no		n/a	69 755	2 034			71 789
														–
														–
														–
														–
Municipality sub-total										129 755		(30 460)	–	104 900
Entities														
														–
														–
														–
														–
														–
														–
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	1									129 755		(30 460)	–	104 900

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 23 Sources of capital revenue over the MTREF

KZN435 Umzimkhulu - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funded by:											
National Government									59 095	68 519	74 076
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	–	–	–	–	–	–	–	59 095	68 519	74 076
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									13 917		
Total Capital Funding	7	–	–	–	–	–	–	–	73 012	68 519	74 076

The above table is graphically represented as follows for the 2016/17 financial year.

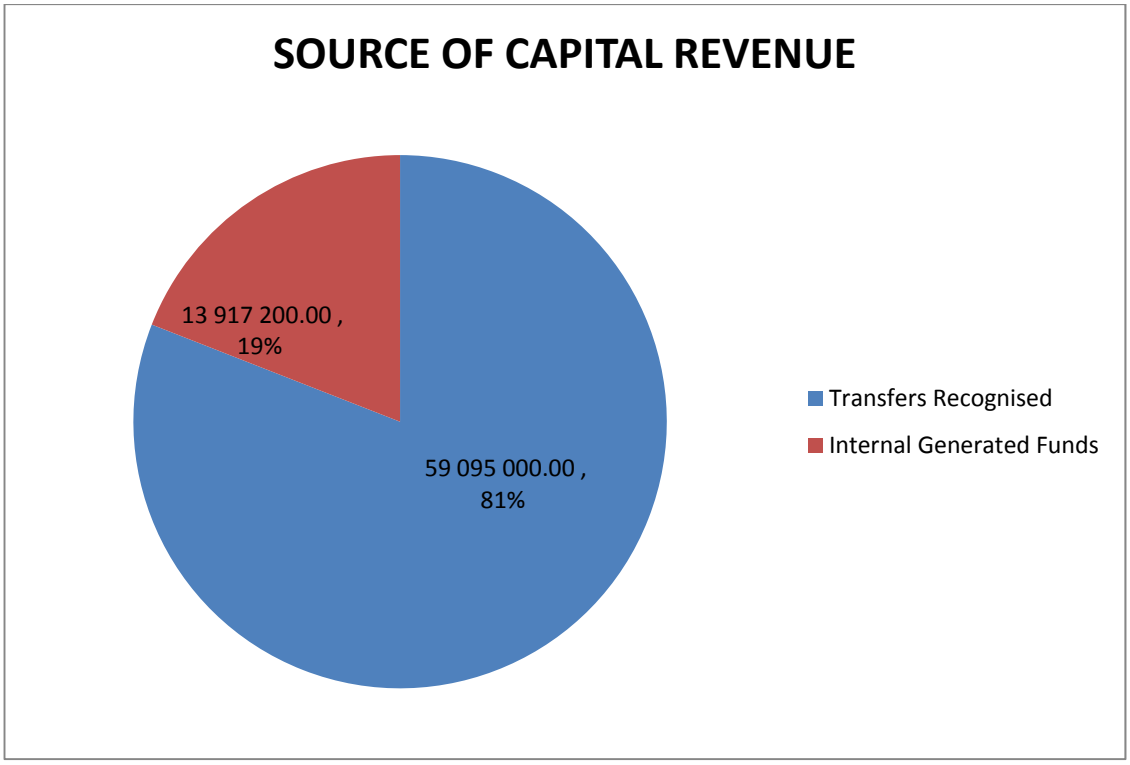


Figure 6 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 81 per cent of the total funding source which represents R59 million for the 2017/18 financial year and steadily increase to R74 million by 2019/20. The internal generated fund equates to 19 per cent of total funding source which is R13 million. Growth relating to national grant receipts is 5.7 and 5.6 per cent over the medium-term.

Table 24 MBRR Table SA 18 - Capital transfers and grant receipts

KZN435 Umzimkhulu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	–	–	–	–	164 640	170 185	175 223
Local Government Equitable Share								160 817	168 285	173 323
Finance Management								1 900	1 900	1 900
EPWP Incentive								1 923		
Other transfers/grants [insert description]										
Provincial Government:		–	–	–	–	–	–	1 325	1 392	1 453
Provincialisation of Liabraries								583	613	644
Community Library Services Grant								742	779	809
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	–	–	–	–	–	–	165 965	171 577	176 676
Capital Transfers and Grants										
National Government:		–	–	–	–	–	–	59 095	68 519	74 076
Municipal Infrastructure Grant (MIG)								44 095	46 519	49 076
Intergrated National Electrification Programme								15 000	22 000	25 000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	–	–	–	–	–	–	59 095	68 519	74 076
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	–	–	–	225 060	240 096	250 752

1.11.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial

management practice and also improves understanding ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 25 MBRR Table A7 - Budget cash flow statement

KZN435 Umzimkhulu - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									8 499	8 984	9 487
Service charges									1 176	1 243	1 313
Other revenue									3 149	3 328	3 514
Government - operating	1								165 965	171 577	176 676
Government - capital	1								59 095	68 519	74 076
Interest									5 860	6 194	6 541
Dividends									–	–	–
Payments											
Suppliers and employees									(174 682)	(185 855)	(193 841)
Finance charges									(50)	(53)	(56)
Transfers and Grants	1								(1 700)	(1 797)	(1 898)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	–	–	–	–	–	67 313	72 141	75 813
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets									(73 012)	(68 519)	(74 076)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	–	–	–	–	(73 012)	(68 519)	(74 076)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	–	–	–	–	–	–	(5 699)	3 622	1 737
Cash/cash equivalents at the year begin:	2								117 740	112 041	115 663
Cash/cash equivalents at the year end:	2	–	–	–	–	–	–	–	112 041	115 663	117 400

The above table shows that cash and cash equivalents of the 2017/18 the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality. For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to equal to R112 million by 2017/18 and steadily increasing to R117 million by 2019/20.

1.11.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 26 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN435 Umzimkhulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	–	–	–	–	–	112 041	115 663	117 400
Other current investments > 90 days		–	–	–	–	–	–	–	(0)	2 765	7 660
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		–	–	–	–	–	–	–	112 041	118 427	125 059
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	27 196	28 746	30 355
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	–	–	–	–	–	–	(5 792)	(6 122)	(6 465)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5								27 178	28 727	30 336
Total Application of cash and investments:		–	–	–	–	–	–	–	48 581	51 350	54 226
Surplus(shortfall)		–	–	–	–	–	–	–	63 460	67 077	70 833

From the above table it can be seen that the cash and investments available total R63 million in the 2017/18 financial year and progressively increase to R70 million by 2019/20, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2016/17 financial year the municipality has an unspent of R2 million allocated grants by Provincial Treasury (Cogta).
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as experienced by the Municipality in the past financial years resulting in positive cash flow. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 90 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

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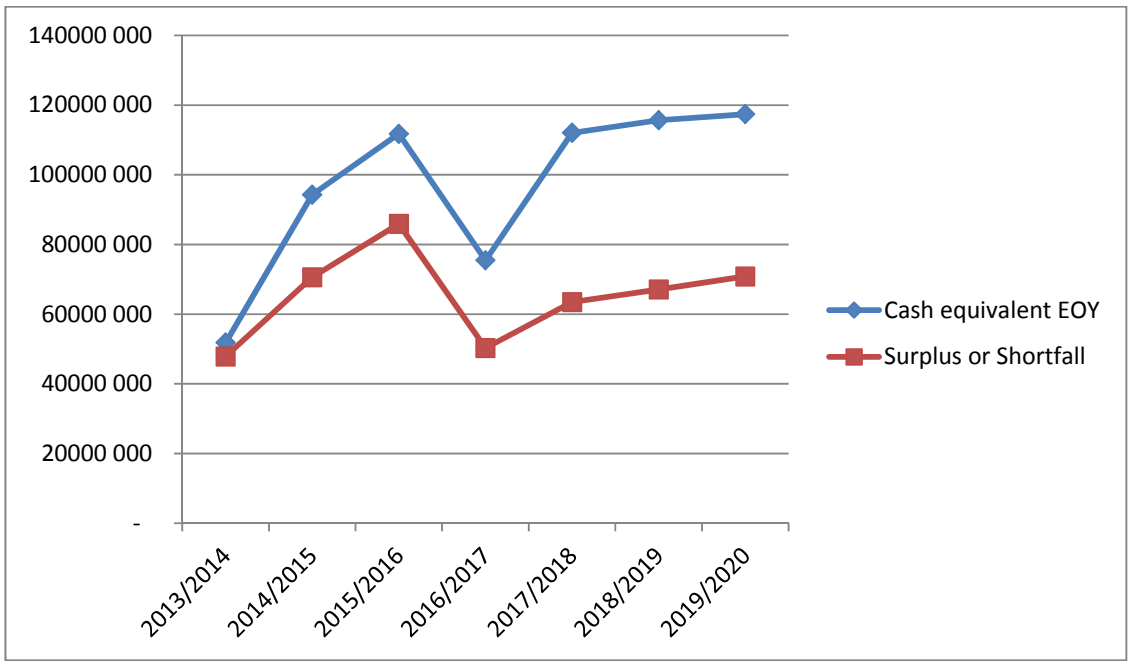
The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



	Cash equivalent EOY	Surplus or Shortfall
2013/2014	51 828 346	47 868 784
2014/2015	94 283 017	70 610 452
2015/2016	111 745 164	85 910 534
2016/2017	75 463 382	50 285 925
2016/2017 ADJ	117 740 467	119 638 641
2017/2018	112 041 143	63 459 814
2018/2019	115 662 677	67 077 015
2019/2020	117 399 680	70 833 056

Figure 7 Cash and cash equivalents / Cash backed reserves and accumulated funds

1.11.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 27 MBRR SA10 – Funding compliance measurement

KZN435 Umzimkhulu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	–	–	–	–	–	–	112 041	115 663	117 400
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	–	–	–	–	–	63 460	67 077	70 833
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	–	–	–	–	–	10.1	9.9	9.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	–	–	–	–	–	15 275	19 833	20 507
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(0.3%)	(0.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	74.4%	74.4%	74.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.7%	21.7%	21.7%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	5.6%	5.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%

Supporting indicators											
% incr *total service charges (incl prop rates)*	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
% incr Property Tax	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
% incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		–	–	–	–	–	–	–	13 823	14 611	15 429
Service charges			–	–	–	–	–	–	–	13 823	14 611	15 429
Property rates			–	–	–	–	–	–	–	12 142	12 834	13 553
Service charges - electricity revenue			–	–	–	–	–	–	–	–	–	–
Service charges - water revenue			–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue			–	–	–	–	–	–	–	–	–	–
Service charges - refuse removal			–	–	–	–	–	–	–	1 681	1 776	1 876
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			–	–	–	–	–	–	–	1 262	1 334	1 408
Capital expenditure excluding capital grant funding			–	–	–	–	–	–	–	13 917	–	–
Cash receipts from ratepayers	18(1)a		–	–	–	–	–	–	–	12 824	13 555	14 315
Ratepayer & Other revenue	18(1)a		–	–	–	–	–	–	–	17 227	18 209	19 228
Change in consumer debtors (current and non-current)			–	–	–	–	–	–	–	22 223	1 267	1 315
Operating and Capital Grant Revenue	18(1)a		–	–	–	–	–	–	–	225 060	240 096	250 752
Capital expenditure - total	20(1)(vi)		–	–	–	–	–	–	–	73 012	68 519	74 076
Capital expenditure - renewal	20(1)(vi)		–	–	–	–	–	–		900	–	–
Supporting benchmarks											
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										164 640	170 185	175 223
DoRA capital grants total MFY										59 095	68 519	74 076
Provincial operating grants										1 325	1 392	1 453
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										225 060	240 096	250 752
Average annual collection rate (arrears inclusive)												
DoRA operating												
Local Government Equitable Share										160 817	168 285	173 323
Finance Management										1 900	1 900	1 900
EPWP										1 923		
										164 640	170 185	175 223
DoRA capital												
Municipal Infrastructure Grant (MIG)										44 095	46 519	49 076
Intergrated National Electrification Programme										15 000	22 000	25 000
										59 095	68 519	74 076
Trend												
Change in consumer debtors (current and non-current)			–	–	–	–	22 223	1 267	1 315	–	–	–
Total Operating Revenue			–	–	–	–	–	–	–	188 796	195 710	202 160
Total Operating Expenditure			–	–	–	–	–	–	–	232 616	244 396	255 730
Operating Performance Surplus/(Deficit)			–	–	–	–	–	–	–	(43 820)	(48 686)	(53 569)
Cash and Cash Equivalents (30 June 2012)										112 041		
Revenue												
% Increase in Total Operating Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	3.3%
% Increase in Property Rates Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
% Increase in Electricity Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
Expenditure												
% Increase in Total Operating Expenditure				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	4.6%
% Increase in Employee Costs				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	3.0%
% Increase in Electricity Bulk Purchases				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)					0	0				142094.1673		
Average Cost Per Councillor (Remuneration)					0	0				404189.7907		
R&M % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		5.6%	5.6%	5.6%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		5.0%	5.0%	5.0%
Debt Impairment % of Total Billable Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.7%	21.7%	21.7%
Capital Revenue												
Internally Funded & Other (R'000)			–	–	–	–	–	–	–	13 917	–	–
Borrowing (R'000)			–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			–	–	–	–	–	–	–	59 095	68 519	74 076
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	80.9%	100.0%	100.0%
Capital Expenditure												
Total Capital Programme (R'000)			–	–	–	–	–	–	–	73 012	68 519	74 076
Asset Renewal			–	–	–	–	–	–	–	900	–	–
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	74.4%	74.4%	74.4%
Cash Coverage Ratio			–	–	–	–	–	–	–	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			–	–	–	–	–	–	–	63 460	67 077	70 833
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue												

1.11.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/18 MTREF shows R112 million, R115 million and R117 million for each respective financial year. So in this case the municipality forecast cash is positive.

1.11.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 11, on page 36. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.11.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been up significantly for the period 2013/14 to 2015/16, moving from 5.7 to 5.6 with the tabled 2017/18 MTREF. As part of the 2017/18 MTREF the municipalities improving cash position causes the ratio to move upwards to (6.) and then increase slightly to (5.7 and 5.6) for the outer years. As indicated above the Municipality it aims is to achieve at least two month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

1.11.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2017/18 MTREF the indicative outcome is a surplus of R15, R19 and R20 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.11.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6.6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 1, -0.2 and -0.1 per cent for the respective financial year of the 2017/18 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 7 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.11.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 87.9 per cent for each of the respective financial years. Given that the assumed collection rate was based on an 86 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

1.11.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 25.0 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

1.11.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep 100% compliance with the legislative requirement that debtors be paid within 30 days.

1.11.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The Municipality has budgeted for all transfers.

1.11.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

1.11.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 42 MBRR SA34C on page 102

1.11.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.12 Expenditure on grants and reconciliations of unspent funds

Table 28 MBRR SA19 - Expenditure on transfers and grant programmes

KZN435 Umzimkhulu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		–	–	–	–	–	–	164 640	170 185	175 223
Local Government Equitable Share								160 817	168 285	173 323
Finance Management								1 900	1 900	1 900
EPWP Incentive								1 923		
Other transfers/grants [insert description]										
Provincial Government:		–	–	–	–	–	–	1 325	1 392	1 453
Provincialisation of Liabraries								583	613	644
Community Library Services Grant								742	779	809
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants		–	–	–	–	–	–	165 965	171 577	176 676
Capital expenditure of Transfers and Grants										
National Government:		–	–	–	–	–	–	59 095	68 519	74 076
Municipal Infrastructure Grant (MIG)								44 095	46 519	49 076
Intergrated National Electrification Programme								15 000	22 000	25 000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total capital expenditure of Transfers and Grants		–	–	–	–	–	–	59 095	68 519	74 076
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	–	–	–	–	–	225 060	240 096	250 752

References

Table 29 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN435 Umzimkhulu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year								27 196		
Current year receipts								–		
Conditions met - transferred to revenue		–	–	–	–	–	–	27 196	–	–
Conditions still to be met - transferred to liabilities								–		
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		–	–	–	–	–	–	27 196	–	–
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				6 662						
Current year receipts				(612)						
Conditions met - transferred to revenue		–	–	6 050	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year						2 000	2 000			
Current year receipts						18 000				
Conditions met - transferred to revenue		–	–	–	–	2 000	2 000	–	–	–
Conditions still to be met - transferred to liabilities						18 000				
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	–	6 050	–	2 000	2 000	–	–	–
Total capital transfers and grants - CTBM	2	–	–	–	–	18 000	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	6 050	–	2 000	2 000	27 196	–	–
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	18 000	–	–	–	–

1.13 Councillor and employee benefits

Table 30 MBRR SA22 - Summary of councillor and staff benefits

KZN435 Umzimkhulu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages								10 437	10 522	10 838
Pension and UIF Contributions								2 614	2 108	2 172
Medical Aid Contributions								–	545	561
Motor Vehicle Allowance								2 812	2 844	2 929
Cellphone Allowance								2 527	1 560	1 607
Housing Allowances								488	496	511
Other benefits and allowances								159	165	170
Sub Total - Councillors		–	–	–	–	–	–	17 380	18 075	18 618
% increase	4		–	–	–	–	–	–	4.0%	3.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								6 312	6 564	6 761
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus								694	722	744
Motor Vehicle Allowance	3									
Cellphone Allowance	3							144	150	154
Housing Allowances	3									
Other benefits and allowances	3							11	11	11
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		–	–	–	–	–	–	7 161	7 447	7 670
% increase	4		–	–	–	–	–	–	4.0%	3.0%
Other Municipal Staff										
Basic Salaries and Wages								42 397	44 093	45 415
Pension and UIF Contributions								5 945	6 182	6 368
Medical Aid Contributions								2 380	2 475	2 550
Overtime								1 578	1 641	1 691
Performance Bonus								3 369	3 504	3 609
Motor Vehicle Allowance	3							2 604	2 708	2 789
Cellphone Allowance	3							950	988	1 018
Housing Allowances	3							1 271	1 321	1 361
Other benefits and allowances	3							660	686	707
Payments in lieu of leave								1 312	1 364	1 405
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		–	–	–	–	–	–	62 466	64 964	66 913
% increase	4		–	–	–	–	–	–	4.0%	3.0%
Total Parent Municipality		–	–	–	–	–	–	87 006	90 487	93 201
			–	–	–	–	–	–	4.0%	3.0%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		–	–	–	–	–	–	87 006	90 487	93 201
% increase	4		–	–	–	–	–	–	4.0%	3.0%
TOTAL MANAGERS AND STAFF	5,7	–	–	–	–	–	–	69 626	72 411	74 584

Table 31 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN435 Umzimkhulu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		452 837	95 964	99 024			606 410
Chief Whip			359 867	89 967	156 868			568 511
Executive Mayor			479 822	95 964	210 221			758 013
Deputy Executive Mayor			392 196	119 955	159 665			606 410
Executive Committee			1 561 549	474 109	787 685			2 648 034
Total for all other councillors			7 188 609	1 213 963	5 097 569			12 192 783
Total Councillors	8	–	10 117 709	2 551 094	4 711 358			17 380 161
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 265 106	1 785	24 000	139 162		1 430 053
Chief Finance Officer			1 083 213	1 785	24 000	119 153		1 228 151
Corporate Manager			954 226	1 785	24 000	104 965		1 084 976
Community and Social Services Manager			954 225	1 785	24 000	104 965		1 084 975
Planning Manager			1 082 005	1 785	24 000	119 021		1 226 811
Infrastruture Manager			972 776	1 785	35 215	107 005		1 105 566
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	6 311 551	10 710	144 000	694 271		7 160 532
A Heading for Each Entity	6,7							
List each member of board by designation								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	16 429 260	2 561 804	4 855 358	694 271		24 540 693

Table 32 MBRR SA24 – summary of personnel numbers

KZN435 Umzimkhulu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)								43	6	37
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3							6	–	6
Other Managers	7									
Professionals		–	–	–	–	–	–	*427*	*408*	*19*
Finance								24	17	7
Spatial/town planning								13	11	2
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other								390	380	10
Technicians		–	–	–	–	–	–	*44*	*42*	*2*
Finance										
Spatial/town planning										
Information Technology										
Roads								4	3	1
Electricity								3	2	1
Water										
Sanitation										
Refuse								37	37	–
Other										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators								13	9	4
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	–	–	–	–	–	–	533	465	68
% increase					–	–	–	–	–	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 33 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN435 Umzimkhulu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates		6 500	513	513	513	513	513	513	513	513	513	513	513	12 142	12 834	13 553
Service charges - electricity revenue													–	–	–	–
Service charges - water revenue													–	–	–	–
Service charges - sanitation revenue													–	–	–	–
Service charges - refuse revenue		140	140	140	140	140	140	140	140	140	140	140	140	1 681	1 776	1 876
Service charges - other													–	–	–	–
Rental of facilities and equipment		105	105	105	105	105	105	105	105	105	105	105	105	1 262	1 334	1 408
Interest earned - external investments		467	467	467	467	467	467	467	467	467	467	467	467	5 605	5 924	6 256
Interest earned - outstanding debtors		21	21	21	21	21	21	21	21	21	21	21	21	256	270	285
Dividends received													–	–	–	–
Fines, penalties and forfeits		35	35	35	35	35	35	35	35	35	35	35	35	415	439	463
Licences and permits		49	49	49	49	49	49	49	49	49	49	49	49	583	616	650
Agency services													–	–	–	–
Transfers and subsidies		72 368				56 286				37 311			–	165 965	171 577	176 676
Other revenue		74	74	74	74	74	74	74	74	74	74	74	74	889	940	993
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and cont		79 758	1 404	1 404	1 404	57 690	1 404	1 404	1 404	38 715	1 404	1 404	1 404	188 796	195 710	202 160
Expenditure By Type																
Employee related costs		5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	69 626	72 411	74 584
Remuneration of councillors		1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	17 380	18 075	18 618
Debt impairment												3 000	–	3 000	3 171	3 349
Depreciation & asset impairment		4 032	4 032	4 032	4 032	4 032	4 032	4 032	4 032	4 032	4 032	4 032	4 032	48 384	51 142	54 006
Finance charges		4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Bulk purchases													–	–	–	–
Other materials													–	–	–	–
Contracted services		692	692	692	692	692	692	692	692	692	692	692	692	8 307	8 780	9 272
Transfers and subsidies		142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 797	1 898
Other expenditure		7 014	7 014	7 014	7 014	7 014	7 014	7 014	7 014	7 014	7 014	7 014	7 014	84 169	88 966	93 948
Loss on disposal of PPE													–	–	–	–
Total Expenditure		19 135	19 135	19 135	19 135	19 135	19 135	19 135	19 135	19 135	19 135	22 135	19 135	232 616	244 396	255 730
Surplus/(Deficit)		60 624	(17 731)	(17 731)	(17 731)	38 555	(17 731)	(17 731)	(17 731)	19 580	(17 731)	(20 731)	(17 731)	(43 820)	(48 686)	(53 569)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		28 000				15 000				16 095			–	59 095	68 519	74 076
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		88 624	(17 731)	(17 731)	(17 731)	53 555	(17 731)	(17 731)	(17 731)	35 675	(17 731)	(20 731)	(17 731)	15 275	19 833	20 507
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	88 624	(17 731)	(17 731)	(17 731)	53 555	(17 731)	(17 731)	(17 731)	35 675	(17 731)	(20 731)	(17 731)	15 275	19 833	20 507

Table 34 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN435 Umzimkhulu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote																
Vote 1 - Executive and Council		13 350				13 350				9 144			–	35 844	38 706	39 864
Vote 2 - Finance and administration		24 043	1 766	934	934	17 284	934	934	934	16 179	934	934	934	66 746	72 074	76 738
Vote 3 - Community and Social Services		8 001	105	105	105	7 001	105	105	105	6 858	105	105	95	22 793	22 771	23 546
Vote 4 - Planning and Development		5 786	87	77	77	5 786	87	77	77	4 719	77	77	79	17 008	17 313	17 844
Vote 5 - Road Transport		42 005	102	127	503	36 505	127	127	102	25 599	102	102	102	105 499	115 374	122 371
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Revenue by Vote		93 184	2 060	1 244	1 619	79 925	1 254	1 244	1 218	62 497	1 218	1 218	1 210	247 891	266 237	280 363
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	35 836	37 879	40 000
Vote 2 - Finance and administration		4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	58 840	62 193	65 676
Vote 3 - Community and Social Services		2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	26 983	28 521	30 118
Vote 4 - Planning and Development		1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 923	23 174	24 495	25 867
Vote 5 - Road Transport		7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	87 783	92 787	97 983
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Expenditure by Vote		19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 377	232 616	245 875	259 644
Surplus/(Deficit) before assoc.		73 799	(17 325)	(18 142)	(17 766)	60 539	(18 132)	(18 142)	(18 167)	43 112	(18 167)	(18 167)	(18 167)	15 275	20 362	20 719
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	73 799	(17 325)	(18 142)	(17 766)	60 539	(18 132)	(18 142)	(18 167)	43 112	(18 167)	(18 167)	(18 167)	15 275	20 362	20 719

Table 35 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN435 Umzimkhulu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		37 393	1 766	934	934	30 634	934	934	934	25 322	934	934	934	102 590	110 779	116 602
Executive and council		13 350				13 350				9 144		–	–	35 844	38 706	39 864
Finance and administration		24 043	1 766	934	934	17 284	934	934	934	16 179	934	934	934	66 746	72 074	76 738
Internal audit													–	–	–	–
Community and public safety		7 301	105	105	105	6 001	105	105	105	6 858	105	105	114	21 113	20 994	21 670
Community and social services		7 301	105	105	105	6 001	105	105	105	6 858	105	105	114	21 113	20 994	21 670
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		27 061	366	366	376	21 047	376	366	366	12 127	366	366	231	63 413	64 168	66 139
Planning and development		7 316	81	81	91	5 690	91	81	81	3 252	81	81	83	17 008	17 313	17 844
Road transport		19 744	285	285	285	15 357	285	285	285	8 875	285	285	148	46 404	46 855	48 295
Environmental protection													–	–	–	–
Trading services		140	140	140	140	140	140	140	140	140	140	140	140	1 681	1 776	1 876
Energy sources													–	–	–	–
Water management													–	–	–	–
Waste water management													–	–	–	–
Waste management		140	140	140	140	140	140	140	140	140	140	140	140	1 681	1 776	1 876
Other													–	–	–	–
Total Revenue - Functional		71 895	2 377	1 545	1 555	57 822	1 555	1 545	1 545	44 447	1 545	1 545	1 420	188 796	197 718	206 287
Expenditure - Functional																
Governance and administration		7 890	7 890	7 890	7 890	7 890	7 890	7 890	7 890	7 890	7 890	7 890	7 890	94 676	100 072	105 677
Executive and council		2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	2 986	35 836	37 879	40 000
Finance and administration		4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	4 903	58 840	62 193	65 676
Internal audit													–	–	–	–
Community and public safety		2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	26 983	28 521	30 118
Community and social services		2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	2 249	26 983	28 521	30 118
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		9 107	9 107	9 107	9 107	9 107	9 107	9 107	9 107	9 107	9 107	9 107	9 099	109 277	115 506	121 974
Planning and development		1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 932	1 923	23 174	24 495	25 867
Road transport		7 175	7 175	7 175	7 175	7 175	7 175	7 175	7 175	7 175	7 175	7 175	7 175	86 103	91 011	96 107
Environmental protection													–	–	–	–
Trading services		140	140	140	140	140	140	140	140	140	140	140	140	1 681	1 776	1 876
Energy sources													–	–	–	–
Water management													–	–	–	–
Waste water management													–	–	–	–
Waste management		140	140	140	140	140	140	140	140	140	140	140	140	1 681	1 776	1 876
Other													–	–	–	–
Total Expenditure - Functional		19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 385	19 377	232 616	245 875	259 644
Surplus/(Deficit) before assoc.		52 509	(17 008)	(17 840)	(17 830)	38 436	(17 830)	(17 840)	(17 840)	25 062	(17 840)	(17 840)	(17 957)	(43 820)	(48 157)	(53 357)
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	52 509	(17 008)	(17 840)	(17 830)	38 436	(17 830)	(17 840)	(17 840)	25 062	(17 840)	(17 840)	(17 957)	(43 820)	(48 157)	(53 357)

Table 36 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN435 Umzimkhulu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure *to be appropriated*	1															
Vote 1 - Executive and Council													–	–	–	–
Vote 2 - Finance and administration													–	–	–	–
Vote 3 - Community and Social Services													–	–	–	–
Vote 4 - Planning and Development													–	–	–	–
Vote 5 - Road Transport													–	–	–	–
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*																
Vote 1 - Executive and Council				300	2 200								–	2 500	–	–
Vote 2 - Finance and administration		51	284	33	33	33	250	33	33	33	33	33	400	1 252	–	–
Vote 3 - Community and Social Services			50		450								–	500	–	–
Vote 4 - Planning and Development		155	215										–	370	–	–
Vote 5 - Road Transport		8 950	10 375	10 700	9 150	10 220	3 400	3 100	4 850	2 809	430	2 625	1 781	68 390	68 519	74 076
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital single-year expenditure sub-total	2	9 156	10 924	11 033	11 833	10 253	3 650	3 133	4 883	2 842	463	2 658	2 181	73 012	68 519	74 076
Total Capital Expenditure	2	9 156	10 924	11 033	11 833	10 253	3 650	3 133	4 883	2 842	463	2 658	2 181	73 012	68 519	74 076

Table 37 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN435 Umzimkhulu - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		51	284	300	2 200	600	250	–	67	–	–	–	–	3 752	–	–
Executive and council				300	2 200								–	2 500	–	–
Finance and administration		51	284			600	250		67				–	1 252	–	–
Internal audit													–	–	–	–
Community and public safety		–	50	–	450	–	–	–	–	–	–	–	–	500	–	–
Community and social services			50		450								–	500	–	–
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		9 105	10 590	10 700	9 150	10 220	3 400	3 100	4 850	2 809	430	2 625	1 781	68 760	68 519	74 076
Planning and development		155	215										–	370	–	–
Road transport		8 950	10 375	10 700	9 150	10 220	3 400	3 100	4 850	2 809	430	2 625	1 781	68 390	68 519	74 076
Environmental protection													–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Energy sources													–	–	–	–
Water management													–	–	–	–
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Capital Expenditure - Functional	2	9 156	10 924	11 000	11 800	10 820	3 650	3 100	4 917	2 809	430	2 625	1 781	73 012	68 519	74 076
Funded by:																
National Government		6 950	10 375	9 700	4 183	9 850	2 400	2 900	4 750	2 801	380	2 625	2 181	59 095	68 519	74 076
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		6 950	10 375	9 700	4 183	9 850	2 400	2 900	4 750	2 801	380	2 625	2 181	59 095	68 519	74 076
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds		2 206	549	1 333	7 650	403	1 250	233	133	41	83	33	0	13 917	–	–
Total Capital Funding		9 156	10 924	11 033	11 833	10 253	3 650	3 133	4 883	2 842	463	2 658	2 181	73 012	68 519	74 076

Table 38 MBRR SA30 - Budgeted monthly cash flow

KZN435 Umzimkhulu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source													1		
Property rates	274	4 380	274	274	1 380	274	274	274	274	274	274	274	8 499	8 984	9 487
Service charges - electricity revenue												–			
Service charges - water revenue												–			
Service charges - sanitation revenue												–			
Service charges - refuse revenue	98	98	98	98	98	98	98	98	98	98	98	98	1 176	1 243	1 313
Service charges - other												–			
Rental of facilities and equipment	105	105	105	105	105	105	105	105	105	105	105	105	1 262	1 334	1 408
Interest earned - external investments	467	467	467	467	467	467	467	467	467	467	467	467	5 605	5 924	6 256
Interest earned - outstanding debtors	21	21	21	21	21	21	21	21	21	21	21	21	256	270	285
Dividends received												–			
Fines, penalties and forfeits	35	35	35	35	35	35	35	35	35	35	35	35	415	439	463
Licences and permits	38	38	38	38	38	38	38	38	38	38	38	168	583	616	650
Agency services												–			
Transfer receipts - operational	72 368				56 286				37 311			–	165 965	171 577	176 676
Other revenue	74	74	74	74	74	74	74	74	74	74	74	74	889	940	993
Cash Receipts by Source	73 479	5 218	1 112	1 112	58 504	1 112	1 112	1 112	38 423	1 112	1 112	1 242	184 649	191 327	197 531
Other Cash Flows by Source															
Transfer receipts - capital	25 100				20 500				13 495			–	59 095	68 519	74 076
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	98 579	5 218	1 112	1 112	79 004	1 112	1 112	1 112	51 918	1 112	1 112	1 242	243 744	259 846	271 607
Cash Payments by Type															
Employee related costs	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	5 802	69 626	73 356	75 556
Remuneration of councillors	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	1 448	17 380	19 797	20 391
Finance charges	4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Bulk purchases - Electricity												–			
Bulk purchases - Water & Sewer												–			
Other materials												–			
Contracted services	692	692	692	692	692	692	692	692	692	692	692	692	8 307	8 780	9 272
Transfers and grants - other municipalities												–			
Transfers and grants - other	142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 797	1 898
Other expenditure	6 616	6 616	6 616	6 616	6 616	6 616	6 616	6 616	6 616	6 616	6 616	6 588	79 369	83 922	88 622
Cash Payments by Type	14 705	14 705	14 705	14 705	14 705	14 705	14 705	14 705	14 705	14 705	14 705	14 677	176 432	187 705	195 794
Other Cash Flows/Payments by Type															
Capital assets	4 671	8 299	11 033	16 800	10 453	3 650	5 083	4 865	2 850	513	2 658	2 135	73 012	68 519	74 076
Repayment of borrowing												–			
Other Cash Flows/Payments												–			
Total Cash Payments by Type	19 376	23 004	25 738	31 505	25 158	18 355	19 788	19 570	17 555	15 218	17 363	16 812	249 444	256 224	269 870
NET INCREASE/(DECREASE) IN CASH HELD	79 204	(17 786)	(24 626)	(30 393)	53 846	(17 243)	(18 676)	(18 458)	34 363	(14 106)	(16 251)	(15 570)	(5 699)	3 622	1 737
Cash/cash equivalents at the month/year begin:	117 740	196 944	179 158	154 532	124 139	177 984	160 741	142 065	123 606	157 969	143 863	127 611	117 740	112 041	115 663
Cash/cash equivalents at the month/year end:	196 944	179 158	154 532	124 139	177 984	160 741	142 065	123 606	157 969	143 863	127 611	112 041	112 041	115 663	117 400

1.14 Annual budgets and SDBIPs – internal departments

The SBIP is assembled in a way that it is aligned with annual budget and IDP.

1.15 Contracts having future budgetary implications (SA33)

1.16 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 39 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN435 Umzimkhulu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class										
–										
Infrastructure		–	–	–	–	–	–	51 866	51 519	50 000
Roads Infrastructure		–	–	–	–	–	–	33 366	14 519	15 000
Roads								33 366	14 519	15 000
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	15 000	22 000	25 000
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks								9 600	22 000	25 000
LV Networks								5 400		
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										

Boreholes									
Reservoirs									
Pump Stations									
Water Treatment Works									
Bulk Mains									
Distribution									
Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	–	–	–	–	–	–	–	–	–
Pump Station									
Reticulation									
Waste Water Treatment Works									
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	–	–	–	–	–	–	3 500	15 000	10 000
Landfill Sites							3 500	15 000	10 000
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									
Community Assets	–	–	–	–	–	–	11 229	17 000	24 076
Community Facilities	–	–	–	–	–	–	11 229	7 000	9 076

Halls							4 000	7 000	9 076
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations							4 000		
Testing Stations							2 500		
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria							729		
Police									
Purls									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	–	–	–	–	–	–	–	10 000	15 000
Indoor Facilities									
Outdoor Facilities								10 000	15 000
Capital Spares									
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Other assets	–	–	–	–	–	–	370	–	–
Operational Buildings	–	–	–	–	–	–	200	–	–
Municipal Offices							200		
Pay/Enquiry Points									
Building Plan Offices									
Workshops									

Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing								170		
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	504	–	–
Computer Equipment								504		
Furniture and Office Equipment		–	–	–	–	–	–	943	–	–
Furniture and Office Equipment								943		
Machinery and Equipment		–	–	–	–	–	–	4 550	–	–
Machinery and Equipment								4 550		
Transport Assets		–	–	–	–	–	–	2 650	–	–
Transport Assets								2 650		
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	–	–	–	–	–	–	72 112	68 519	74 076

Table 40 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN435 UMzimkhulu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
–										
Infrastructure		–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										

Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									
Community Assets	–	–	–	–	–	–	–	–	–
Community Facilities	–	–	–	–	–	–	–	–	–
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Purls									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									

Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	400	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	400	–	–
Water Rights										

Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications								400		
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment								–		
Machinery and Equipment		–	–	–	–	–	–	500	–	–
Machinery and Equipment								500		
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing assets	1	–	–	–	–	–	–	900	–	–
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.2%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.9%*	*0.0%*	*0.0%*

Table 41 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN435 Umzimkhulu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class										
–										
Infrastructure		–	–	–	–	–	–	14 400	15 221	16 073
Roads Infrastructure		–	–	–	–	–	–	9 500	10 042	10 604
Roads								9 500	10 042	10 604
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	1 000	1 057	1 116
Drainage Collection								1 000	1 057	1 116
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	1 000	1 057	1 116
Power Plants								1 000	1 057	1 116
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										

Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	–	–	–	–	–	–	2 900	3 065	3 237
Landfill Sites							2 900	3 065	3 237
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									
Community Assets	–	–	–	–	–	–	3 010	3 182	3 360
Community Facilities	–	–	–	–	–	–	1 010	1 068	1 127
Halls							410	433	458
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Purls									
Public Open Space									

Nature Reserves									
Public Ablution Facilities							300	317	335
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals							300	317	335
Capital Spares									
Sport and Recreation Facilities	–	–	–	–	–	–	2 000	2 114	2 232
Indoor Facilities									
Outdoor Facilities							2 000	2 114	2 232
Capital Spares									
	1	1	1	1	1	1	1	1	1
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Other assets	–	–	–	–	–	–	1 500	1 586	1 674
Operational Buildings	–	–	–	–	–	–	1 500	1 586	1 674
Municipal Offices							1 500	1 586	1 674
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	–	–	–	–	–	–	–	–	–
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–

Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	455	481	508
Furniture and Office Equipment								455	481	508
Machinery and Equipment		–	–	–	–	–	–	1 060	1 120	1 183
Machinery and Equipment								1 060	1 120	1 183
Transport Assets		–	–	–	–	–	–	150	159	167
Transport Assets								150	159	167
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	–	–	–	–	–	–	20 575	21 748	22 966
R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*5.9%*	*5.9%*
R&M as % Operating Expenditure		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*9.3%*	*9.3%*

Table 42 MBRR SA35 - Future financial implications of the capital budget

KZN435 Umzimkhulu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
Capital expenditure	1							
Vote 1 - Executive and Council		2 500	–	–				
Vote 2 - Finance and administration		1 252	–	–				
Vote 3 - Community and Social Services		500	–	–				
Vote 4 - Planning and Development		370	–	–				
Vote 5 - Road Transport		68 390	68 519	74 076				
Vote 6 - [NAME OF VOTE 6]		–	–	–				
Vote 7 - [NAME OF VOTE 7]		–	–	–				
Vote 8 - [NAME OF VOTE 8]		–	–	–				
Vote 9 - [NAME OF VOTE 9]		–	–	–				
Vote 10 - [NAME OF VOTE 10]		–	–	–				
Vote 11 - [NAME OF VOTE 11]		–	–	–				
Vote 12 - [NAME OF VOTE 12]		–	–	–				
Vote 13 - [NAME OF VOTE 13]		–	–	–				
Vote 14 - [NAME OF VOTE 14]		–	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		73 012	68 519	74 076	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Executive and Council								
Vote 2 - Finance and administration								
Vote 3 - Community and Social Services								
Vote 4 - Planning and Development								
Vote 5 - Road Transport								
Vote 6 - [NAME OF VOTE 6]								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
#REF!								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		73 012	68 519	74 076	–	–	–	–

Table 43 MBRR SA36 - Detailed capital budget per municipal vote

KZN435 Umzimkhulu - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Infrastructure		Development of Land fill sites(phase 2)			Yes	*Roads Infrastructure*	*Landfill Sites*					3 500	15 000	10 000	16	new
Infrastructure		Ward 9 Community Hall			Yes	*Community Facilities*	*Halls*						7 000	9 076	9	new
Infrastructure		Surfacing of Ibisi Rd			Yes	*Roads Infrastructure*	*Roads*						14 519	15 000	11	new
Infrastructure		Ward 13 Sport field			Yes	*Sport and Recreation Facilities*	*Outdoor Facilities*						10 000	15 000	13	new
Infrastructure		Ntlasi Phase 2 access road ward 2			Yes	*Roads Infrastructure*	*Roads*	*29 43 52,12E 30 05 55,90S*				6 000			2	new
Infrastructure		Ntlangwini access road ward 18			Yes	*Roads Infrastructure*	*Roads*	*9 04 70 29,18 E 30 24 15,67S*				7 000			18	new
Infrastructure		Surfacing of NMZ township road Majilidini ward16			Yes	*Roads Infrastructure*	*Roads*	*29 55 50,48E 30 15 57,34S*				11 132			16	new
Infrastructure		Fire Services Units			Yes	*Community Facilities*	*Fire/Ambulance Stations*					4 000			16	new
Infrastructure		New Traffic Department			Yes	*Community Facilities*	*Testing Stations*					2 500			16	new
Infrastructure		Fencing of Cemeteries Town			Yes	*Cemeteries*	*Cemeteries/Crematoria*					729			16	new
Infrastructure		Surfacing of NMZ township road Skoonplaas, White city li			Yes	*Roads Infrastructure*	*Roads*	*29 56 24,87E 30 16 04*				9 234			16	new
Infrastructure		Khiliva Bondrand Electrification				*Electrical Infrastructure*	*LV Networks*					5 400				
Infrastructure		Connection of Lucingweni,Lukhasini Delamzi				*Roads Infrastructure*	*MV Networks*					9 600	22 000	25 000		
Parent Capital expenditure	1											59 095	68 519	74 076		
Entities:																
List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										–	–	–	–	–		
Total Capital expenditure										–	–	59 095	68 519	74 076		

Table 44 MBRR SA37 - Projects delayed from previous financial year

KZN435 Umzimkhulu - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class	Asset Sub-Class	GPS co-ordinates	Previous target year to complete	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
	1,2			3	3	4		Original Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand							Year					
Parent municipality:												
List all capital projects grouped by Municipal Vote				*Examples*	*Examples*							
Infrastructure		Khiliva Bondrand Electrification		*Electrical Infrastructure*	*LV Networks*			5 000	5 000	5 400		
Infrastructure		Development of Land fill sites(phase 2)			*Landfill Sites*					3 500	15 000	10 000
Infrastructure		New Traffic Department		*Community Facilities*				1 268	1 268	2 500		
Entities:												
List all capital projects grouped by Municipal Entity												
Entity Name												
Project name												

Table 46 Consolidated Detail Operational Project

KZN435 Umzimkhulu - Supporting Table SA38 Consolidated detailed operational projects

Municipal Vote/Operational project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information
R thousand	4			2	6			5		Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location
Parent municipality:															
List all operational projects grouped by Municipal Vote															
Executive and Council															
		Issue of Summons										200	211	223	
		Ward Committee Meeting										400	423	446	
Municipal Manager Office		News letter										80	85	89	
		Audio Video Communication Public Participation										800	846	893	
Administrative and Corporate Support		Security fees										5 700	6 025	6 362	
		Leadership Development										500	529	558	
Budget and Treasury Office		Capacity Building Consultancy Workshop										72	76	80	
		Catering for IDP and Budget Road Show										80	85	89	
Community & Social Services		HIV/AIDS awarenes campaign										80	85	89	
		Pauper Burial										90	95	100	
		Library Road show										20	21	22	
		Film Workshop										150	159	167	
		Grocery Distribution										150	159	167	
Corporatet Wide Strategic Planning(IDP, LED)		Formalisation of Clydesdale										600	634	670	
		Social Facilitation Strategy										500	529	558	
		Strategic Planning										450	476	502	
		Stores Ward 5										100	106	112	
Infrastructure		Sport Centre										1 000	1 057	1 116	
		Traffic Accounting										500	529	558	
		Dumpsite Audit										1 000	1 057	1 116	
Parent operational expenditure	1											12 472	13 183	13 921	
Entities:															
List all operational projects grouped by Entity															
Entity A															
Water project A															
Entity B															
Electricity project B															
Entity Operational expenditure										–	–	–	–	–	
Total Operational expenditure										–	–	12 472	13 183	13 921	

1.17 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme
   The Municipality is participating in the Municipal Financial Management Internship programme and has employed seven interns undergoing training in various divisions of the Financial Services Department. Since August 2012 five interns has been appointed permanently by municipality. Since the introduction of the Internship programme the Municipality has successfully employed and trained 17 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Ernest &Young, SARS, Auditor General, and National Treasury.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail draft SDBIP 2017/2018 document is at a final stage and the mayor will approval it on or before 28 days after approval of the final budget as per the Municipal Finance Management Act Section 53 (c) (ii), directly aligned and informed by the 2017/18 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training
   The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

9. Municipal Standard Chart of Account

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards.

In order to enable the National Treasury provide consolidated local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities.

UMzimkhulu municipality is fully engaged to this project as it form part of the compliance. The mSCOA team has been established and it's functioning.

The mSCOA has been introduced to the municipal council for buy in.

The municipality has formulated the following documents in order to make sure that by the 01 July 2017 the municipality comply, Terms of reference for the mSCOA appointed member formulated, The mSCOA process/project plan, AND the mSCOA risk register were submitted to provincial treasury.

During this budget compilation the team was busy working on the mSCOA in the financial system and it was uploaded successful on the National Treasury portal.

There is a budget put aside for this project for 2017/2018 and it is accommodated on the following line items: Capacity building (for the training of employees), Subsistence and travelling (in order to travel and accommodation for trainings) and Consultancy fees (currently no financial system is an mSCOA compliant until National Treasury release names of venders who are compliant by the result of the pilot municipality. The municipality put a budget aside in order to procure the system if it's required).

MFMA Circular 80 which is a follow up of circular no.57 advices the municipality to do their own compliance check based on Circular checklist on current financial systems and internal controls as a minimum requirements, comply with these explicit business process requirements as contained in the *m*SCOA Regulation

1.18 Other supporting documents

Table 45 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN435 UMzimkhulu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
REVENUE ITEMS:											
Property rates	6										
Total Property Rates									15 419	16 298	17 211
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)									3 277	3 464	3 658
Net Property Rates		–	–	–	–	–	–	–	12 142	12 834	13 553
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - water revenue		–	–	–	–	–	–	–	–	–	–

Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	6										
Total refuse removal revenue									900	951	1 005
Total landfill revenue									781	825	871
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - refuse revenue		–	–	–	–	–	–	–	1 681	1 776	1 876
Other Revenue by source											
Fuel Levy											
Rendering of Services - Sale of goods - Publications - Tender Document									300	317	335
Rendering of Services - Sale of goods Publications - Clearance Certificates									2	2	2
Rendering of Services - Sale of goods Publications - Parking Fees									15	16	17
Rendering of Services - Sale of goods Publications - Cemetery and Burial									12	13	13
Rendering of Services - Sale of goods -Application fees for land usage									15	16	17
Rendering of Services - Sale of goods Publications -Advertisements									281	297	313
Rendering of Services - Sale of goods Publications -Building Plans Approval									80	85	89
Rental from Fixed Assets - Community Assets - Hall Fees											
Rendering of Services - Sale of goods - Publications - Maps									0	0	0
Service Charged -Waste Management -Skip									120	127	134
Registration Fees – Copyright/Royalty	3								65	69	73
Total 'Other' Revenue	1	–	–	–	–	–	–	–	889	940	993
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2								48 708	50 657	52 176
Pension and UIF Contributions									5 955	6 193	6 379
Medical Aid Contributions									2 380	2 475	2 550

Overtime									1 578	1 641	1 691
Performance Bonus									4 064	4 226	4 353
Motor Vehicle Allowance									2 604	2 708	2 789
Cellphone Allowance									1 094	1 138	1 172
Housing Allowances									1 271	1 321	1 361
Other benefits and allowances									660	686	707
Payments in lieu of leave									1 312	1 364	1 405
Long service awards											
Post-retirement benefit obligations	4										
sub-total	5	–	–	–	–	–	–	–	69 626	72 411	74 584
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	–	–	–	–	–	–	–	69 626	72 411	74 584
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment									48 384	51 142	54 006
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	–	–	–	–	–	–	–	48 384	51 142	54 006
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases	1	–	–	–	–	–	–	–	–	–	–
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	1 700	1 797	1 898
Non-cash transfers and grants		–	–	–	–	–	–	–			

Total transfers and grants	1	–	–	–	–	–	–	–	1 700	1 797	1 898
Contracted services											
List services provided by contract											
Qinisela Security - khuselani									5 700	6 025	6 362
Munsoft									756	799	844
Giya									740	782	826
Debt Pack									160	169	179
Ndlala – Valua									687	726	766
Mills Fitchat - Valua									264	279	295
sub-total	1	–	–	–	–	–	–	–	8 307	8 780	9 272
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		–	–	–	–	–	–	–	8 307	8 780	9 272
Other Expenditure By Type	-										
Collection costs											
Contributions to 'other' provisions											

Consultant fees									17 620	18 624	19 667
Audit fees									2 000	2 114	2 232
General expenses	3								13 341	14 102	14 891
Conference Fees									920	972	1 027
Electricity									500	529	558
Implemantation of Property Rates									2 300	2 431	2 567
Entertainment									2 297	2 428	2 564
Insurance									600	634	670
IT Hard ware									1 550	1 638	1 730
Legal Fees									950	1 004	1 060
Material & Stores									2 750	2 907	3 070
Motor Vehilce Fuel & Oil									1 850	1 955	2 065
Post and Telephone									2 040	2 156	2 277
Printing & Stationery									1 475	1 559	1 646
Subsistance and Travelling									5 295	5 597	5 910
Councillor Training/Capacity									500	529	558
Training External									1 600	1 691	1 786
Transportation Costs									1 385	1 464	1 546
Uniform									904	956	1 009
Audio and Video									800	846	893
Hired Facilities									680	719	759
SALGA									600	634	670
Advertising									1 016	1 074	1 134
Capacity Building/Consultancy									620	655	692
Repairs & Maintenance									20 575	21 748	22 966
Total 'Other' Expenditure	1	–	–	–	–	–	–	–	84 169	88 966	93 948

Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure									20 575	21 748	22 966
Total Repairs and Maintenance Expenditure	9	–	–	–	–	–	–	–	20 575	21 748	22 966

Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance

Table 46 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN435 Umzimkhulu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Finance and administration	Vote 3 - Community and Social Services	Vote 4 - Planning and Development	Vote 5 - Road Transport	Vote 6 - [NAME OF VOTE 6]	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			12 142														12 142
Service charges - electricity revenue																	–
Service charges - water revenue																	–
Service charges - sanitation revenue																	–
Service charges - refuse revenue				1 681													1 681
Service charges - other																	–
Rental of facilities and equipment				40		1 222											1 262
Interest earned - external investments			5 605														5 605
Interest earned - outstanding debtors			256														256
Dividends received																	–
Fines, penalties and forfeits				415													415
Licences and permits				500	83												583
Agency services																	–
Other revenue			317	77	376	120											889
Transfers and subsidies		35 844	48 428	19 936	16 558	45 199											165 965
Gains on disposal of PPE																	–
Total Revenue (excluding capital transfers and cont		35 844	66 746	22 649	17 017	46 541	–	–	–	–	–	–	–	–	–	–	188 796
Expenditure By Type																	
Employee related costs		6 419	21 756	16 089	7 072	18 291											69 626
Remuneration of councillors		17 380															17 380
Debt impairment			3 000														3 000
Depreciation & asset impairment		1 489	1 615	5 177	196	39 908											48 384
Finance charges			50														50
Bulk purchases																	–
Other materials																	–
Contracted services			8 307														8 307
Transfers and subsidies			1 700														1 700
Other expenditure		10 548	22 413	7 398	15 907	27 904											84 169
Loss on disposal of PPE																	–
Total Expenditure		35 836	58 840	28 663	23 174	86 103	–	–	–	–	–	–	–	–	–	–	232 616
Surplus/(Deficit)		7	7 907	(6 015)	(6 157)	(39 562)	–	–	–	–	–	–	–	–	–	–	(43 820)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						59 095											59 095
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)																	–
Transfers and subsidies - capital (in-kind - all)																	–
Surplus/(Deficit) after capital transfers & contributions		7	7 907	(6 015)	(6 157)	19 533	–	–	–	–	–	–	–	–	–	–	15 275

Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN435 Umzimkhulu - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Call investment deposits											
Call deposits									74 900	79 169	83 603
Other current investments									30 000	31 710	33 486
Total Call investment deposits	2	–	–	–	–	–	–	–	104 900	110 879	117 089
Consumer debtors											
Consumer debtors									8 529	9 016	9 521
Less: Provision for debt impairment									1 113	1 177	1 243
Total Consumer debtors	2	–	–	–	–	–	–	–	9 643	10 192	10 763
Debt impairment provision											
Balance at the beginning of the year									3 000	3 171	3 349
Contributions to the provision											
Bad debts written off									186	197	208
Balance at end of year		–	–	–	–	–	–	–	3 186	3 368	3 556
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)									583 553	616 816	651 357
Leases recognised as PPE	3								–	–	–
Less: Accumulated depreciation									216 336	228 668	241 473
Total Property, plant and equipment (PPE)	2	–	–	–	–	–	–	–	367 217	388 148	409 884
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Trade and other payables											
Trade and other creditors									10 752	11 365	12 001
Unspent conditional transfers									27 196	28 746	30 355
VAT											
Total Trade and other payables	2	–	–	–	–	–	–	–	37 948	40 111	42 357
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other									2 655	2 806	2 963
Total Provisions - non-current		–	–	–	–	–	–	–	2 655	2 806	2 963
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance									654 293	691 588	730 316
GRAP adjustments											
Restated balance		–	–	–	–	–	–	–	654 293	691 588	730 316
Surplus/(Deficit)		–	–	–	–	–	–	–	15 275	19 833	20 507
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	–	–	–	–	–	–	–	669 568	711 420	750 823
Reserves											
Housing Development Fund									27 178	28 727	30 336
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	27 178	28 727	30 336
TOTAL COMMUNITY WEALTH/EQUITY	2	–	–	–	–	–	–	–	696 746	740 147	781 159

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services											

Table 48 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN435 Umzimkhulu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			174	243		180	180	180				
Females aged 5 - 14			50	59		45	45	45				
Males aged 5 - 14			34	46		35	35	35				
Females aged 15 - 34			39	24		42	42	42				
Males aged 15 - 34			50	19		33	33	33				
Unemployment			85	126		55	55	55				
Monthly household income (no. of households)	1, 12	– –										
No income						22 538	22 538	22 538	22 538	22 538	22 538	22 538
R1 - R1 600						3 786	3 786	3 786	3 786	3 786	3 786	3 786
R1 601 - R3 200						1 803	1 803	1 803	1 803	1 803	1 803	1 803
R3 201 - R6 400						1 983	1 983	1 983	1 983	1 983	1 983	1 983
R6 401 - R12 800						1 082	1 082	1 082	1 082	1 082	1 082	1 082
R12 801 - R25 600						361	361	361	361	361	361	361
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	132											
Indigent ony billed <R2 500						546.00	470.00					
Household/demographics (000)												
Number of people in municipal area			174339	243242		250	180					
Number of poor people in municipal area			194594	194594		195						
Number of households in municipal area			36141	50364		50						
Number of poor households in municipal area				37013		37						
Definition of poor household (R per month)			HH earni	HH earni		HH earning <						

			ng < R1600/Month	ng < R1600/Month		R1600/Month						
Housing statistics	3											
Formal			35 419	49 356		49 356						
Informal			722	1 007		1 007						
Total number of households			36 141	50 363	-	50 363	-	-	-	-	-	-
Dwellings provided by municipality	4		3 510	3 510		3 510						
Dwellings provided by province/s			3 510	3 510		3 510						
Dwellings provided by private sector	5											
Total new housing dwellings			7 020	7 020	-	7 020	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)							5.8%	5.6%	5.4%	6.6%	6.2%	5.9%
Interest rate - borrowing												
Interest rate - investment			–	–	–				7.8%	7.8%		
Remuneration increases									7.0%	6.5%	6.9%	7.0%
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges									86.0%	86.0%	86.0%	86.0%
Rental of facilities & equipment									100.0%	100.0%	100.0%	100.0%
Interest - external investments									7.1%	7.8%		
Interest - debtors									6.0%	6.0%	6.0%	6.0%
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	–	–	–	–	–	–	–	–	–
		Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–	–
	8	Using public tap (at least min.service level)	–	–	–	–	–	–	–	–	–
	10	Other water supply (at least min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service			–						

	Level and Above sub-total	–	–		–	–	–	–	–	–
9	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
10	Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
	No water supply	–	–	–	–	–	–	–	–	–
	Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
	Total number of households	–	–	–	–	–	–	–	–	–
	Sanitation/sewerage:									
	Flush toilet (connected to sewerage)	–	–	–	–	–	–	–	–	–
	Flush toilet (with septic tank)	–	–	–	–	–	–	–	–	–
	Chemical toilet	–	–	–	–	–	–	–	–	–
	Pit toilet (ventilated)	–	–	–	–	–	–	–	–	–
	Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
	Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	Bucket toilet	–	–	–	–	–	–	–	–	–
	Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
	No toilet provisions	–	–	–	–	–	–	–	–	–
	Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
	Total number of households	–	–	–	–	–	–	–	–	–
	Energy:									
	Electricity (at least min.service level)	–	–	–	–	–	–	–	–	–
	Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
	Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
	Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
	Other energy sources	–	–	–	–	–	–	–	–	–
	Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
	Total number of households	–	–	–	–	–	–	–	–	–
	Refuse:									
	Removed at least once a week	5 730	5 730	5 730	7 700	8 700	8 700	8 700	8 700	8 700
	Minimum Service Level and Above sub-total	5 730	5 730	5 730	7 700	8 700	8 700	8 700	8 700	8 700
	Removed less frequently than once a week	1 970	1 970	–	1 970	1 970	1 970	1 970	1 970	1 970
	Using communal refuse dump	–	–	–	–	–	–	–	–	–

		Using own refuse dump	–	–	–	–	–	–	–	–	–
		Other rubbish disposal	–	–	–	–	–	–	–	–	–
		No rubbish disposal	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	1 970	1 970	–	1 970	1 970	1 970	1 970	1 970	1 970
		Total number of households	7 700	7 700	5 730	9 670	10 670	10 670	10 670	10 670	10 670

Municipal in-house services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		Water:									
	8 10	Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
		Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9 10	Using public tap (< min.service level)									
		Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–

		Total number of households	–	–	–	–	–	–	–	–	–
		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
		Refuse:									
		Removed at least once a week	5 730	5 730	5 730	7 700	8 700	8 700	8 700	8 700	8 700
		Minimum Service Level and Above sub-total	5 730	5 730	5 730	7 700	8 700	8 700	8 700	8 700	8 700
		Removed less frequently than once a week	1 970	1 970		1 970	1 970	1 970	1 970	1 970	1 970
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	1 970	1 970	–	1 970	1 970	1 970	1 970	1 970	1 970
		Total number of households	7 700	7 700	5 730	9 670	10 670	10 670	10 670	10 670	10 670

Municipal entity services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Name of municipal entity	810	Household service targets (000)									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
		Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–

	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		*Sanitation/sewerage:*									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		*Energy:*									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		*Refuse:*									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									

		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Services provided by 'external mechanisms'	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Names of service providers		Household service targets (000)									
		Water:									
	8 10	Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
		Using public tap (at least min.service level)									
		Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9 10	Using public tap (< min.service level)									
		Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		*Sanitation/sewerage:*									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		*Energy:*									
		Electricity (at									

		least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		*Refuse:*									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Detail of Free Basic Services (FBS) provided			2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity	Ref.	*Location of households for each type of FBS*									
List type of FBS service Free Basic Services - Free kwh limited to 50		Formal settlements - (50 kwh per indigent household per month R'000)									
		Number of HH receiving this type of FBS									
		Informal settlements (R'000)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (R'000)									
		Number of HH receiving this type of FBS									

		Living in informal backyard rental agreement (R'000) *Number of HH receiving this type of FBS* Other (R'000) *Number of HH receiving this type of FBS*									
		Total cost of FBS - Electricity for informal settlements	–	–	–	–	–	–	–	–	–
Water	Ref.	***Location of households for each type of FBS***									
List type of FBS service		Formal settlements - (6 kilolitre per indigent household per month R'000) *Number of HH receiving this type of FBS* Informal settlements (R'000) *Number of HH receiving this type of FBS* Informal settlements targeted for upgrading (R'000) *Number of HH receiving this type of FBS* Living in informal backyard rental agreement (R'000) *Number of HH receiving this type of FBS* Other (R'000) *Number of HH receiving this type of FBS*									
		Total cost of FBS - Water for informal settlements	–	–	–	–	–	–	–	–	–
Sanitation	Ref.	***Location of households for each type of FBS***									
List type of FBS service		Formal settlements - (free sanitation service to indigent households) *Number of HH receiving this type of FBS* Informal settlements (R'000) *Number of HH receiving this type of FBS* Informal settlements targeted for upgrading (R'000) *Number of HH receiving this type of FBS* Living in informal backyard rental agreement (R'000) *Number of HH receiving this type of FBS* Other (R'000) *Number of HH receiving this type of FBS*									
		Total cost of FBS -			–						

		Sanitation for informal settlements	–	–		–	–	–	–	–	–
Refuse Removal	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (removed once a week to indigent households) *Number of HH receiving this type of FBS* Informal settlements (R'000) *Number of HH receiving this type of FBS* Informal settlements targeted for upgrading (R'000) *Number of HH receiving this type of FBS* Living in informal backyard rental agreement (R'000) *Number of HH receiving this type of FBS* Other (R'000) *Number of HH receiving this type of FBS*									
		Total cost of FBS - Refuse Removal for informal settlements	–	–	–	–	–	–	–	–	–

KwaZulu Natal: UMzimkhulu Municipality(KZN435) - Schedule of Service Delivery Standards Table 50	
Description	
Standard	**Service Level**
Solid Waste Removal	
Premise based removal (Residential Frequency)	once per week and twice per week
Premise based removal (Business Frequency)	Daily, once per week and twice per week
Bulk Removal (Frequency)	Daily
Removal Bags provided(Yes/No)	Yes
Garden refuse removal Included (Yes/No)	Yes
Street Cleaning Frequency in CBD	Daily/ ongoing
Street Cleaning Frequency in areas excluding CBD	once per week
How soon are public areas cleaned after events (24hours/48hours/longer)	24hrs
Clearing of illegal dumping (24hours/48hours/longer)	48hrs/longer
Recycling or environmentally friendly practices(Yes/No)	Yes
Licenced landfill site(Yes/No)	No
Water Service	
Water Quality rating (Blue/Green/Brown/N0 drop)	
Is free water available to all? (All/only to the indigent consumers)	
Frequency of meter reading? (per month, per year)	

Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
One service connection affected (number of hours)	
Up to 5 service connection affected (number of hours)	
Up to 20 service connection affected (number of hours)	
Feeder pipe larger than 800mm (number of hours)	
What is the average minimum water flow in your municipality?	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	
How long does it take to replace faulty water meters? (days)	
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	
Electricity Service	
What is your electricity availability percentage on average per month?	
Do your municipality have a ripple control in place that is operational? (Yes/No)	
How much do you estimate is the cost saving in utilizing the ripple control system?	
What is the frequency of meters being read? (per month, per year)	
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	
Are accounts normally calculated on actual readings? (Yes/no)	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	
How long does it take to replace faulty meters? (days)	
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	
How effective is the action plan in curbing line losses? (Good/Bad)	
How soon does the municipality provide a quotation to a customer upon a written request? (days)	
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	
How long the municipality does takes to provide electricity service for low voltage users where network extension is not required? (working days)	
How long the municipality does takes to provide electricity service for high voltage users where network extension is not required? (working days)	
Sewerage Service	
Are your purification system effective enough to put water back in to the system after purification?	
To what extend do you subsidize your indigent consumers?	
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	
Sewer blocked pipes: Large pipes? (Hours)	
Sewer blocked pipes: Small pipes? (Hours)	

Spillage clean-up? (hours)	
Replacement of manhole covers? (Hours)	
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	Minimum 1hr per square meter
Time taken to repair a single pothole on a minor road? (Hours)	Minimum 1hr per square meter
Time taken to repair a road following an open trench service crossing? (Hours)	Minimum 2hr per square meter
Time taken to repair walkways? (Hours)	Minimum 1hr per square meter
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	1 month
Do you have any special rating properties? (Yes/No)	no
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	No
Are the financial statement outsources? (Yes/No)	No
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	30 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	1 yr
Administration	
Reaction time on enquiries and requests?	48hrs
Time to respond to a verbal customer enquiry or request? (working days)	48hrs
Time to respond to a written customer enquiry or request? (working days)	48hrs
Time to resolve a customer enquiry or request? (working days)	48hrs
What percentage of calls are not answered? (5%,10% or more)	0% (customer care system)
How long does it take to respond to voice mails? (hours)	Never Happen
Does the municipality have control over locked enquiries? (Yes/No)	Yes
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does in take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	When there is a delay
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	5 minutes
How long does it take to renew a vehicle license? (minutes)	5 minutes
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	5 weeks
How long does it take to de-register a vehicle? (minutes)	5 minutes
How long does it take to renew a driver’s license? (minutes)	20 minutes

What is the average reaction time of the fire service to an incident? (minutes)	Instant time
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	n/a
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	n/a
Economic development	
How many economic development projects does the municipality drive?	25 developments projects
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	5 catalytic programs
What percentage of the projects have created sustainable job security?	20 percent
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	No
Other Service delivery and communication	
Is a information package handed to the new customer? (Yes/No)	Yes
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

Municipal manager's quality certificate

I **Zweliphansi Stanley Sikhosana** municipal manager of UMzimkhulu Municipality, hereby certify that the draft budget 2017/2018 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **Zweliphansi Stanley Sikhosana**

Municipal manager of UMzimkhulu Municipality (KZN435)

Signature _____

Date **30 March 2017**